

SONOMA COUNTY GRAND JURY

Management Audit

January 1, 1980 - June 30, 1990

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

JUL 15 2010

UNIVERSITY OF CALIFORNIA



PISENTI BRINKER
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS



Digitized by the Internet Archive
in 2026 with funding from
State of California and California State Library

<https://archive.org/details/C101744488>

SONOMA COUNTY GRAND JURY

MANAGEMENT AUDIT REPORT

TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	iii
Introduction	1
Revelopment Law	1
Tax Increment Financing	2
Debt	2
Index of Redevelopment Terms	4
Healdsburg Community Redevelopment Agency Report	5
Petaluma Community Development Commission Report	18
Redevelopment Agency of the City of Santa Rosa Report	29
Exhibits	
A-1 Redevelopment Plan Area Map - Healdsburg	
A-2 Redevelopment Plan Area Map - Petaluma	
A-3 Redevelopment Plan Area Map - Santa Rosa	
B Agency Tax Increments Received	
C Agency Long Term Debt	
D Agency Loans Payable to City	
E Healdsburg Community Redevelopment Agency 1989-90 Work Program	
F Healdsburg Community Redevelopment Agency Boundaries for Sub-areas	
G Statements of Revenues and Expenditures	

William A. Robotham, CPA
Cal B. Kimes, CPA
Edward J. Pisenti, CPA
Donald C. Dunbar, CPA
Edward J. Gibson, CPA
Dimitri A. Viripaef, CPA
David C. Faris, CPA
Mark C. Parnell, CPA
David W. Wheatman, CPA
Kathleen L. Edwards, CPA

P & B
PISENTI BRINKER
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

3550 Round Barn Blvd., Suite 100, Santa Rosa, CA 95403
(707) 542-3343 FAX (707) 527-5608

Associates in principal cities of the United States

Donald P. Anderson
Firm Administrator
James W. Luckhardt
Penelope S. Porch, CPA
George E. Resing, CPA
S. Rothenberg, CPA, APFS
William W. Lippert, CPA
Mary H. Hermans, CPA
Paula L. Thomas, CPA
Marla A. Gullickson, CPA
Paul A. Asmuth, CPA
Dorsey N. Goolsby, MBA
Jean L. Turner, CPA
Timothy R. Moratto, CPA
Rex M. Vincent, CPA
Kassie Kolarik
Laura B. Silvera, CPA
Cynthia Varni, CPA
Kenneth R. Pennington, CPA
Steven A. Roval
Gerald D. Phoenix, CDP
Jillian M. Helmer, CPA
Kathleen A. Curran, CPA
Jody E. Harper, CPA
Carl Van Fleckenstine, CPA
Deborah B. Kelley
Thomas K. Rackerby, CPA
Eileen E. Davis, CPA
Cynthia Vandergoot
Sandra L. Scott
Diane L. Fridav

December 18, 1990

Mr. John E. Sill
Grand Jury Foreman
1990 Sonoma County Grand Jury
600 Administrative Drive
Santa Rosa, CA 95403

Dear Mr. Sill:

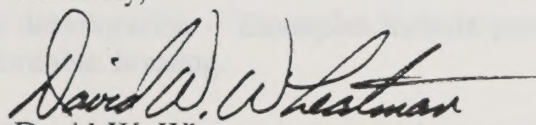
On behalf of Pisenti & Brinker, I am pleased to provide you with the management audit report on the Healdsburg Community Redevelopment Agency, the Petaluma Community Development Commission and the Redevelopment Agency of the City of Santa Rosa.

At your request, we have not provided copies of our report, in draft or final form, to the Healdsburg Community Redevelopment Agency, the Petaluma Community Development Commission or the Redevelopment Agency of the City of Santa Rosa.

We wish to thank you, the members of the Sonoma County Grand Jury, and the staff of all three of the Redevelopment organizations for their cooperation and assistance.

If you have any questions regarding this management audit report, please do not hesitate to contact us.

Sincerely,


David W. Wheatman
Partner

DWW:ed

Accounting
Auditing
Computer Consulting
Employee Benefit Consulting
Estates and Trusts
Litigation Support
Management Consulting
Personal Financial Planning
Tax Planning and Returns

SONOMA COUNTY GRAND JURY

INTRODUCTION

We have performed a management audit on the Healdsburg Community Redevelopment Agency, the Petaluma Community Development Commission and the Santa Rosa Community Redevelopment Agency from January 1, 1980 through June 30, 1990. We have included, as background information, a discussion of Redevelopment law and tax increment financing, as well as a recap of the debt of each Agency. Following this background information is a discussion of each Agency. We have established specific criteria to measure each Agency's performance and compliance with applicable Health and Safety Code sections. We have analyzed each Agency's past accomplishments, current ventures and future plans. This information has been compiled and summarized into the following report.

REDEVELOPMENT LAW

The California Community Redevelopment Law, contained in the California Health and Safety Code, provides the authority and implementation provisions for a redevelopment program. Redevelopment is a process created to assist city and county government in eliminating blight from a designated area and to achieve desired development, reconstruction and rehabilitation. The redevelopment effort is usually accomplished utilizing both public and private funds.

A Redevelopment Agency is generally established by the governing body of the local city. The governing body of the city (City Council) usually acts as the Board of the Agency. The City Council designates a survey area to be evaluated for the existence of blight and to determine if redevelopment efforts can assist in the area. Deteriorated or blighted conditions pose a threat to public safety and to the general well being of the citizens within a community. The three noted deterioration categories of blight are:

1. Physical deterioration - Examples include inadequate and obsolete utilities, poorly maintained buildings and inefficient freeway access.
2. Economic deterioration - Examples include depreciated property values, loss of jobs, inadequate government revenue generation and an increasing need for public services or improvements.
3. Social deterioration - Examples include poverty, unemployment, crime and lack of affordable housing.

Based upon the results of the survey, a project area or areas are selected to be included in a redevelopment plan. A redevelopment plan usually contains the following:

REDEVELOPMENT LAW (continued)

- A legal description of the project area in written and graphic form and a description of land uses;
- A description of the proposed actions to be taken to carry out redevelopment; and
- A description of the authority and limitations for financing the activities necessary to implement the plan.

TAX INCREMENT FINANCING

Prior to the redevelopment plan adoption, all tax revenue is distributed to taxing agencies such as the counties, the cities, the schools and special districts. After plan adoption, the taxing agencies continue to receive the tax revenue they received before redevelopment (the "base year") plus a two percent (2%) increase per year. Any increase in assessed value over the base year becomes the tax increment that funds the redevelopment agencies. Exhibit B indicates the tax increments received for the Healdsburg, Petaluma and Santa Rosa Redevelopment Agencies from 1980 through 1989. The agencies can only receive the tax increment if they can show evidence that they have incurred debt or have existing obligations. For example, debt can be created by the sale of bonds or loans from the cities.

DEBT

Exhibits C and D have been included to show the trends of long term debt and the trends of the loans received from the cities by each Agency from 1980 through 1989.

Healdsburg - The major components of long term debt are as follows:

In 1984, a Tax Allocation Bond was issued for \$1,165,000. The maturity date is 2004. In 1986, another Tax Allocation Bond was issued for \$2,840,000 with a maturity date of 1990. Lastly, capital leases incurred for a total of \$1,429,000 with maturity dates of 2003 and 2005 comprise the remainder of long term debt.

As of June 30, 1989, \$2,111,436 is the outstanding loan payable to the City of Healdsburg. This loan is payable with interest in the following year from the receipt of property tax revenues or on demand (provided that sufficient property tax increment revenue funds are available).

DEBT (continued)

Petaluma - The major components of long term debt are as follows:

In 1984, a Tax Allocation Bond was issued for \$1,075,000 with a maturity date of 2010. In the fall of 1988, Tax Allocation Notes for \$4,195,000 were issued with a maturity date of 1993.

As of June 30, 1989 the Agency owed \$221,000 to the City of Petaluma. There are four loans payable to the City totalling the \$221,000 balance. Each loan arrangement has individual repayment schedules and all but one loan includes repayment with interest.

Santa Rosa - The major components of long term debt are as follows:

A \$5,000,000 Tax Allocation Note was issued in 1977 with a maturity date of 2003. Tax Allocation Notes issued in 1981 for \$1,500,000 matured and were paid in full in 1988. A loan of \$1,731,930 from Ernest W. Hahn, Inc. in 1981 was paid in 1986.

As of June 30, 1989 the Agency owed \$3,770,931 to the City of Santa Rosa. This total is actually comprised of two loans, one for \$1,970,581 for the Santa Rosa Center and another for \$1,800,350 for the Grace Brothers Project. Repayment on the Santa Rosa Center loan is \$200,000 principal per year with interest at 7.54%. Repayment on the Grace Brothers Project is \$200,000 principal per year with interest at 10%.

INDEX OF REDEVELOPMENT TERMS

Base Year:	The year in which the redevelopment plan is adopted.
Base Value:	The total assessed value of property within a project area in the year in which the redevelopment project is approved.
Blighted Areas:	Areas and/or structures of a community which constitute either physical, social, or economic liabilities requiring redevelopment in the interest of health, safety, and general welfare of the people of the community and the state.
Project Area:	The area which is designated in the redevelopment plan for redevelopment and revitalization.
Property Tax:	The amount of tax which a property owner pays on the value of his/her property. The tax is calculated by multiplying the assessed value of the property by the tax rate, which is one percent (1%) plus any voter approved increase.
Redevelopment:	Planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation of all or part of a project area.
Redevelopment Agency:	The public body created to designate redevelopment project areas, supervise and coordinate planning for a project area and implement the development program.
Redevelopment Plan:	Plan for revitalization and redevelopment of land within the project area in order to eliminate blight and remedy the conditions which caused it.
Rehabilitation:	To improve, alter, modernize or modify an existing structure to make it safe, sanitary, decent and/or bring it up to Building Code Standards.
Tax Increment:	The increase in property taxes within the redevelopment project area that results from increases in the project area's assessed value that exceeds the base year assessed value.

Source: The California Redevelopment Associations's, "Citizen Guide to Redevelopment".

HEALDSBURG COMMUNITY REDEVELOPMENT AGENCY

BACKGROUND/GOALS

The Healdsburg Community Redevelopment Agency was created in November, 1980 to eliminate and reduce aspects of visual, economic, physical and social blight existing in the City of Healdsburg. The Agency's Project Plan area includes approximately 60 percent of the City (2,000 acres). The Plan, which has not been amended since adoption in 1981, is effective until 2026. The Plan's central objectives are:

- To encourage the enhancement of the residential neighborhoods in the City, especially in terms of basic livability for the residents of the Project area.
- To achieve a balance between residential, commercial and industrial development within the community that will create a sound economic base for the community, both in terms of jobs for the residents, and to make it possible for the local government to have a revenue basis capable of sustaining those levels of public service the residents of the community desire and need.
- To maximize opportunities wherever possible for the retention of existing property interests for local investors as well as for the continuation, revitalization and expansion of existing commercial enterprises within the area.
- To upgrade and improve the Downtown so that it will serve as the social and commercial center of the community.
- To preserve and enhance the historic environment of Healdsburg.
- To encourage housing improvement and rehabilitation throughout the Project Area.
- To accomplish these goals with a minimum displacement of any residential homeowner.

In order to accomplish these central objectives, the Agency has outlined five lines of action:

- The Agency shall undertake to broaden and diversify the economic base within all commercial areas of the community, however, maintaining an emphasis within the core commercial district.
- The Agency will work to expand the City's employment base especially that necessary to provide jobs within the community for those graduating from local or area educational institutions through the encouragement of new office, retail, professional and industrial developments in conformance with the General Plan.

BACKGROUND/GOALS (continued)

- The Agency will work to integrate new development and rehabilitation projects within the project area so that it preserves and enhances the historic and small town qualities that make Healdsburg a desirable place to live.
- The Agency will work to expand the City's revenue base by encouraging new retail and industrial developments or the expansion of existing commercial enterprises which produce revenues in excess of those expenses necessary to provide City services to them.
- The Agency shall attempt to further the City's housing objectives, especially as they may be appropriate to the Project area.

The above listed goals and lines of actions are included annually in the Agency's work program. The work program also includes the year's specific accomplishments as well as what the Agency intends to accomplish in the future. This annual work program, required by Health and Safety Code 33606(d) is used to measure the Agency's achievements. The Healdsburg Community Redevelopment Agency publishes a comprehensive annual work program (Exhibit E) which could be an example for the Petaluma Community Development Commission and the Santa Rosa Community Redevelopment Agency. Further discussion of work programs for the Petaluma and Santa Rosa Agencies are discussed elsewhere in this report.

The City's five Council members serve as the Agency's Board of Directors. The Executive Director of the Agency is also Healdsburg's City Manager, and the Deputy Executive Director is the City's Finance Director.

During 1982 the Agency sought the assistance of the Regional/Urban Design Assistant Teams Program of the American Institute of Architects. Under this program urban-renovation experts from throughout the country donated their services to save the "Main Streets" in U.S. cities. In 1982 Healdsburg businesses were concerned with declining property values, reduced commercial occupancy rates and slow foot traffic. The Agency met with the team of experts which made the following recommendations:

- Concentrate on building small commercial and service firms to provide groceries, drugs, and general merchandise as well as health care, insurance and banking services.
- Do not try to compete with the Santa Rosa Mall.
- Focus motels, gas stations and fast-food outlets near the freeway.
- Develop the vacant six acres on the west side of the Plaza into a "first class" hotel-and-restaurant complex and prohibit any other similar facility elsewhere.

PAST ACCOMPLISHMENTS

- Adopt and enforce design guidelines to preserve the character of the area.

These recommendations were implemented to meet the Agency goals.

- **Fitch Mountain Terrace I** - This 40 unit senior citizen/handicapped rental housing project began in the early 1980's through Fitch Mountain Terrace, Inc. a non-profit corporation that recognized the need for low cost housing for seniors. This non-profit was formed and is comprised of local citizens who operate the project. The financing was obtained through FHA. The land, having a fair market value of approximately \$500,000, was contributed by the City; additional funding was obtained from the Sonoma County Housing Authority and the State of California. Agency funds used were from the Low and Moderate Income Housing fund. In 1986 the project was completed, offering rent subsidies to seniors and handicapped individuals.
- **Vineyard Plaza Shopping Center** - An eight-acre, \$9 million shopping center complex was built three blocks from downtown Healdsburg. A wide variety of financing was combined, including \$5.2 million in redevelopment agency certificates of participation guaranteed by Safeway stores, \$1 million of developer equity, a \$1.75 million Urban Development Agency Grant (UDAG) which was loaned to the developer by the Agency and is repayable in full with interest, \$1 million of direct investment from Thrifty Drug and Discount Stores, and \$400,000 advanced by the Agency for public improvements. The Agency receives principal and interest loan repayments. Interest is payable monthly at 3% per annum on the outstanding balance. The Agency shares in 20% of the rental income flow and will receive 20% of the resale appreciation when the center is sold. According to City records, over 250 new jobs were added, annual sales tax receipts were increased \$100,000 providing additional City services and shopping is now convenient to the residents. The Agency's creative financing has resulted in future income to the Agency. Vineyard Plaza is representative of the benefits accrued from long-term planning by the Agency.
- **Facade Grant Program** - Approximately \$200,000 of Agency funds have been used by local businesses for new signs, facade restoration, exterior painting, plastering, new windows, doors and awnings. The Agency provided assistance to existing businesses for a portion of the repairs. A sliding scale based upon the business's building frontage was used to determine the amount of grant money available for each business owner applying for the assistance. The Agency's assistance was the catalyst necessary to get business owners to enhance the appearance of their downtown buildings using their own funds and the Agency's. Over one-quarter of

PAST ACCOMPLISHMENTS (continued)

- **Facade Grant Program** (continued)

the downtown businesses rehabilitated their storefronts and over \$1.8 million of their own money was used in this effort.

- **Flood Mitigation Project** - The Agency built the Foss Creek Detention Basin for approximately \$1 million to prevent flooding of the downtown area. According to City personnel, the flood control increased the downtown land values and the area had greater appeal to potential new businesses.

- **Parking** - As part of the downtown revitalization effort, the Agency added 200 additional parking spaces in 1986 within two lots, the Westside parking lot and the Mitchell Lane parking lot, and plans to add an additional 100 spaces within the next two years.

- **Commercial/Office Center** - In 1988, a 26,000 square foot office/retail building was constructed on the west side of Healdsburg Avenue across from the plaza. The land, purchased by the Agency in the mid 1980's for \$515,000 is leased to Green Valley Corporation, dba Barry Swenson, Builder, a California Corporation for a period of 30 years. The Agency also added landscaping, land improvements and parking for approximately \$304,000. The Agency will recover its investment through the lease arrangement with Swenson. The lease states that Swenson will pay:

1. Lease payments based upon a percentage of gross receipts;
2. Common area rent; and
3. Monthly parking rent.

The occupancy rate at the office/retail building has been as high as 100%. Currently, the occupancy rate is 76%. The Agency became involved with this project to offer diversity to the downtown area, increase foot traffic for downtown businesses and add employment opportunities for Healdsburg residents.

- **Senior Center** - A renovation project was successfully completed by the Agency to provide a Senior Citizen Center less than one block from the center of downtown Healdsburg. The Agency received Community Development Block Grant funds from the Sonoma County Housing Authority and contracted with Eddinger Enterprises to complete the renovation.

CURRENT ACCOMPLISHMENTS

- **Fitch Mountain Terrace II** - A 20-unit apartment complex for senior citizens, located across the street from Fitch Mountain Terrace I, recently opened at a cost of approximately \$1.69 million. The complex provides affordable housing for seniors with monthly rents starting at \$322. Fitch Mountain Terrace Inc., a non-profit Corporation formed by a group of local citizens initiated the project along with the Agency. Burbank Housing Development Corporation is the developer/project manager. Burbank formed a partnership with the California Equity Fund. California Equity Fund contributed over \$740,000 to the project and received tax benefits for their involvement because of Federal and State tax credits. Tax credit financing provides a tax break to the investor (California Equity Fund) and it enables housing projects that meet the Federal/State requirements to provide low-income housing. Use of the credit is possible if at least 20% of the completed units are rented to households at or below 50% of median income (or 40% of the units are rented to households at or below 60% of median). Rents may not exceed 30% of the maximum income limits based on household size (less applicable utility allowance). Affordability must be maintained for an initial 15-year compliance period and a second 15-year extended period, subject to certain State actions. The City of Healdsburg contributed the land at no cost to the project in exchange for an agreement from Burbank Housing that the project would provide affordable housing for senior citizens for a 99-year period. The

Agency provided an \$800,000 construction loan to Burbank from their 20% set-aside funds and also they provided a \$147,500 long-term mortgage. Burbank Housing, the general partner of the partnership, retains all liability for the financing and compliance requirements to retain the low-income housing status and provide affordable housing.

- **Neighborhood Improvement Program** - During 1989, the Agency started this \$600,000 program with the overall objective being to preserve existing affordable housing. Various program elements include:
 - Minor exterior housing repairs and rehabilitation performed by a City crew.
 - A self-help paint voucher program supported by five local merchants.
 - Free dumpster use to facilitate yard clean-up/household repairs.
 - Weatherization assistance.

CURRENT ACCOMPLISHMENTS (continued)

- Neighborhood Improvement Program (continued)

Sidewalk and street repairs for qualifying low and moderate income households who could not afford an assessment district.

According to City personnel, neighborhood pride has been instilled and visually the results have been quite dramatic.

FUTURE PROJECTS

- **Hotel Project** - On July 2, 1990 the Agency approved an agreement for constructing a hotel to be located adjacent to the Swenson building on Healdsburg Avenue. The cost of the project is estimated to be \$5.1 million and will be financed entirely through Agency issued bonds. The Agency will sell the land to the developer for \$750,000 which is approximately a \$500,000 land write-down since the Agency acquired the land for \$1.23 million. Currently, the title to the land is still in the Agency's name, however, when the developer, Carter and Biord, acquire the land at the reduced price, the County Assessor will value the property at market value for tax assessment purposes. A Disposition and Development Agreement (DDA) was entered into between the Agency and Carter and Biord on July 16, 1990 which is the legal contract detailing the entire transaction. The developer has submitted an application for a use permit to the Healdsburg Planning Commission. Prior to and as a condition of the Agency approving the sale of bonds, the developer must submit to the Agency and the Agency shall approve that the following DDA conditions have been met:

1. A signed lease with a restaurant for a minimum term of ten years.
2. Signed leases for 80 percent of the retail space on the site for a minimum of three years.
3. An unconditional and irrevocable line of credit payable to the Agency in the amount of \$250,000.
4. An operating reserve of \$315,000 to be deposited with a trustee.
5. The developer's personal guarantee that the developer is obligated to reimburse the Agency the total amount of tax increment monies which the Agency has paid for the principal and interest on the bonds. (If there were a failure of performance on the developer's part, the Agency would be able to sue for actual cash losses and tie up the assets of the developer until reimbursed.)

FUTURE PROJECTS (continued)

- Hotel Project (continued)

6. A signed, fixed-price construction contract and other executed documents required to begin construction of the improvements on the site.
7. One hundred percent performance and one hundred percent completion bonds for development of the improvements on the site.
8. All required permits for development.
9. An updated appraisal which supplements the August 1989 appraisal of \$6.5 million and which concludes that the hotel is economically feasible without relying on tax increment payments of the Agency and which appraises the value of the improved site, immediately upon completion of the improvements to the site in an amount which is not less than \$6.5 million.

Upon approval for sale by the Agency, 25-year bonds will be issued. There will be a mandatory call at the end of the sixth year at which time Carter and Biord will be required to refinance the bonds. The bonds are to be structured so that payment of principal and interest will be made from the following sources and in the following order of priority:

1. Gross revenues from the hotel project including all revenues generated from the hotel, the restaurant and retail space on the site.
2. A debt service reserve to be funded from the proceeds of the bonds, which shall be equal to at least one year's debt service on the bonds.
3. An operating reserve of at least \$315,000, which is to be funded by the developer but not from the proceeds of the bonds.
4. An unconditional and irrevocable letter of credit in an amount of at least \$250,000, made payable to the Agency, which is to be funded by the developer but not from the proceeds of the bonds.
5. Proceeds of an irrevocable letter of credit issued by a bank and approved by the Agency for an amount equal to the entire principal and a specified amount of interest of the bonds. Prior to the approval by the Agency of the sale of the bonds, the Agency shall approve; the identity of the letter of credit bank, the terms of the letter of credit and the agreement between the Agency and the letter of credit bank.

FUTURE PROJECTS (continued)

Hotel Project (continued)

6. Tax increment revenues received by the Agency from the project area.

In the event that Carter and Bford default on bond payments, the bank issuing the letter of credit will take possession of the hotel, sell it, and the Agency will be responsible for the remaining principal outstanding not covered by the sale proceeds. If the sales price exceeds outstanding principal on the bonds, the Agency will recognize a gain on the transaction.

The expected benefits from this project are increased sales tax, property tax and bed tax revenues to enhance city/agency ongoing services, employment opportunities for Healdsburg residents and increased business for downtown business owners.

- **Commercial/Office Center Phase II** - The construction of a second building providing an additional 25,000 square feet of office/retail space is currently in the City's Design Review. This second building will be similar in design and construction to the Phase I Swenson building and also has the same lease terms as noted in Phase I above. As in Phase I, the Agency owns the land which cost \$517,000 and the Agency also added site improvements of \$157,000.

COMPLIANCE WITH LAW

We examined the Healdsburg Community Redevelopment Agency for compliance with specific Health and Safety Codes. In particular:

- **Code Section 33030** - A blighted area is one which is characterized by one or more of those conditions set forth in Sections 33031 or 33032, causing a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes serious physical, social or economic burden of the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone.
- **Code Section 33030 - (continued)**

We examined the Report on the Sotoyome Community Development Plan issued in May 1981 which details the reasons for selecting the Project area and defines the blighting influences present to satisfy Health and Safety Code requirements.

There are six Sub-areas within the Project area. The Sub-areas are: Northern, Central District, Old Healdsburg, East Fitch Mountain, Southern and Airport. The boundaries for each Sub-area are included in Exhibit F.

COMPLIANCE WITH LAW (continued)

Northern Sub-area:

Blighting influences noted within this Sub-area include:

- Inefficient uses of land, traffic hazards, unnecessary competition with the downtown for some retail activities and general decline in property appearances.
- Lack of property maintenance, from landscaping to structural building components of private residences.

Central District Sub-area:

Blighting influences noted within this Sub-area include:

- Inadequate public facilities of storm drainage and water distribution creating flooding.
- Deteriorated condition of many commercial buildings, lack of sufficient parking and inappropriate mix of commercial and residential uses.

Old Healdsburg Sub-area:

Blighting influences noted within this Sub-area include:

- Deterioration of private residences.
- Inappropriate mixing of residential and commercial land uses.

East Fitch Mountain Sub-area:

Blighting influences noted within this Sub-area include:

- Insufficient development of available land in relationship to topography resulting in soil erosion which causes infiltration of the downstream storm drainage system.

Southern Sub-area:

Blighting influences noted within this Sub-area include:

- Areas of residential, commercial and industrial land containing deteriorated structures, some to the point of dilapidation.

COMPLIANCE WITH LAW (continued)

Southern Sub-area: (continued)

- Inefficient street patterns and hazardous traffic conditions.
- Periodic flooding.

Airport Sub-area:

Blighting influences noted within this Sub-area include:

- Development or extensive rehabilitation constraints due to insufficient public services ranging from sewers to police and fire protection.

The Report on the Sotoyome Community Development Plan was approved by the Healdsburg Planning Commission, the Healdsburg Community Redevelopment Agency and the City of Healdsburg in 1981. The Agency's designations of blighted areas appear to comply with code section requirements.

Finally, it should be noted that significant amendments have occurred to this Health and Safety Code Section since 1980. The primary governing statute in 1980 was Section 33352 then existing.

- **Code Section 33080** - Every redevelopment agency shall file with the Controller within six months of the end of the agency's fiscal year a copy of the independent financial audit report.

We reviewed the June 30, 1989 Healdsburg Community Redevelopment Agency financial statements issued by Deloitte, Haskins and Sells noting the report date of October 6, 1989. The independent auditors commented that there was no non-compliance with laws and regulations. Based upon the independent auditors' report and considering the report date of October 6, 1989 we believe the Agency is in compliance.

- **Code Section 33130** - Any agency officer or employee who owns property within the project area must provide written disclosure and will thereafter be disqualified from voting on matters directly affecting this property.

We examined Forms 730 and 721, Statement of Economic Interests from 1985 through 1990 for all members of the Redevelopment Agency, the Deputy Executive Director and the Executive Director. We noted that two members of the Agency held real estate parcels located in downtown Healdsburg which is within the Redevelopment Plan area. Our scope was limited to determining if a conflict of interest occurred by having these same members vote on the Vineyard Plaza and the Fitch Mountain Terrace II projects. No conflict of interest was noted for either of these projects because the members holding the real estate interests were not on the Agency board when the Vineyard Plaza vote was taken. Also, the real estate held was not located close enough to the Fitch Mountain

COMPLIANCE WITH LAW (continued)

- Code Section 33130 (continued)

Terrace II project to create a conflict of interest. We were also requested to review the vote on the Plaza Hotel Project. We noted that at the time of the vote (July 1990) only one board member had any real estate holdings in the downtown area. This same member abstained from voting on the approval of the Hotel Project.

- **Code Section 33334.2** - Not less than 20% of all taxes which are allocated to the agency shall be used by the agency for the purposes of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs.

We reviewed the audited financial statements from June 30, 1983 (first tax increment receipt) through June 30, 1989 noting that a separate fund had been established by the Agency which accounted for 20% of all tax increments. As of June 30, 1989, there has been \$1,572,929 of tax increments and interest income received. Cumulative expenditures are \$1,084,877 and ending cash is \$488,052. Money held in this fund has been used by the Agency to assist in the construction of Fitch Mountain Terrace I and Fitch Mountain Terrace II which has provided 60 units of affordable senior and handicapped rental housing. Currently the funds are being used for the neighborhood improvement program which has assisted over 600 units owned or rented by low and moderate income persons within the project area. The Agency is in compliance with this code section.

- **Code Section 33348.5** - The agency shall, biennially, conduct a public hearing for the purpose of reviewing the redevelopment projects within its jurisdiction and evaluating its progress, and shall hear the testimony of all interested parties. This section does not apply to an agency of a city with a population less than 75,000 persons.

The population of the City of Healdsburg does not exceed 75,000 persons, therefore, this code section does not apply. The Agency, however, does provide newsletters and other informational materials to Healdsburg citizens to inform them of current Agency activities.

- **Code 33606** - An agency shall adopt an annual budget containing all of the specific information identifying:
 1. The proposed expenditures of the agency.
 2. The proposed indebtedness to be incurred by the agency.
 3. The anticipated revenues of the agency.

COMPLIANCE WITH LAW (continued)

- Code 33606 (continued)

4. The work program for the coming year, including goals.
5. An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.

We examined the annual budgets and work programs from 1981 through 1990 noting that all items listed above were fully contained within the documents examined. The work programs prepared by the Healdsburg Redevelopment Agency are an excellent information source for the citizens of Healdsburg. The work programs discuss past performance, current accomplishments and future projects so that interested citizens can be informed about what their Redevelopment Agency does for their community. The Agency is in compliance with this code section.

PERFORMANCE

The Sonoma County Grand Jury selected the Vineyard Plaza and Fitch Mountain Terrace Phase II projects to be examined for performance review. Specifically, we reviewed:

1. Project accomplishments and compared them to the stated agency goals;
2. Actual versus budgeted costs, noting if there were any significant variances;
3. Debt service, noting if payments were being made in accordance with terms; and
4. The project's public benefits.

The Vineyard Plaza project accomplishments include:

- Employment opportunities for community residents.
- A shopping center within walking distance to the downtown area.
- City and Agency rental income flow.

PERFORMANCE

These accomplishments meet the Agency's second central objective:

To achieve a balance between residential, commercial and industrial development within the community that will create a sound economic base for the community, both in terms of jobs for the residents, and to make it possible for the local government to have a revenue basis capable of sustaining those levels of public service the residents of the community desire and need.

The Fitch Mountain Terrace Phase II project provided 20 low income rental units for senior citizens and handicapped persons. This accomplishment meets the Agency's sixth central objective:

To encourage housing improvement and rehabilitation throughout the Project Area.

The actual expenditures for both projects, Vineyard Plaza and Fitch Mountain Terrace Phase II were compared to budgeted totals. No unusual costs were noted.

We reviewed the audited financial statements from June 30, 1983 to June 30, 1989, noting that all debt service pertaining to Vineyard Plaza and Fitch Mountain Terrace II had been paid in accordance with their terms without exceptions.

The public benefits for the Vineyard Plaza were noted above in the Past Accomplishments section. The public benefits for Fitch Mountain Terrace Phase II were noted above in the Current Accomplishments section.

CONCLUSION

The Healdsburg Community Redevelopment Agency has accomplished many diverse projects in its 10 year existence. It should be noted that while the Agency has provided many services for the benefit of the citizens and business owners, (such as the Facade Grant Program and the Neighborhood Improvement Program), the citizens and business owners have also participated in these efforts. This community involvement is worth noting when comparing this Agency's achievements against others. Also, the annual work program provides excellent documentation showing what the Agency has accomplished in relation to their stated goals and what future projects they intend to pursue.

PETALUMA COMMUNITY DEVELOPMENT COMMISSION

BACKGROUND/GOALS

The Petaluma Community Development Commission was created in May 1975 to eliminate and prevent the spread of blight and deterioration existing within the City of Petaluma.

The Community Redevelopment Plan for the Petaluma Central Business District Redevelopment Project was approved by Ordinance No. 1221 and adopted by the City Council on September 27, 1976. The Project area consists of approximately 100 acres located in the downtown section of the City and is effective until 2001. The overall goal of this Plan is to revitalize the economic and physical condition of downtown Petaluma while preserving and enhancing the inherent qualities of the community. The Plan outlines specific goals and objectives which are:

- Develop a marketing strategy with appropriate economic programs whereby downtown Petaluma is able to capture a greater share of the market for retail sales and services.
- Develop a land use pattern that reinforces the viability of downtown Petaluma.
- Develop a circulation pattern that will allow ease of access to, through and around the downtown area.
- Develop an adequate system for parking vehicles on and off the circulation routes.
- Develop a pleasant pedestrian environment in the downtown area with a wide variety of amenities including urban furniture (benches, bus shelters, lights, etc.) and a comfortable circulation pattern.
- Develop architectural and landscape architectural design programs that will enhance the overall character of the downtown area and preserve the historical and unique buildings and structures.

The Commission adopted a second Project Plan area in 1988. The Redevelopment Plan for the Petaluma Community Development Project approved by the City on August 17, 1988 by Ordinance No. 1725 encompasses approximately 2,200 acres along both sides of Highway 101 from a point near the southern city limits to beyond the Old Redwood Highway on the north. This Plan is effective for 45 years beginning in 1988. The goals and objectives of this Plan are:

BACKGROUND/GOALS

- To stimulate and provide new private investment opportunities by revitalizing property characterized by deterioration, blight or functional obsolescence and to encourage continued investment in the project area where growth is planned.
- To improve the visual image of the City and, specifically, the project area, by reinforcing existing assets and by expanding the potentials of the project area.
- To improve employment opportunities, economic stability and productivity and to increase public revenues within the project area.
- To eliminate environmental deficiencies by achieving a coordinated pattern of residential, commercial, industrial and public land uses in the project area with adequate public improvements including, but not limited to streets, utilities and flood control improvements.
- To foster the development of a sense of community identity within the project area.
- To preserve and enhance conditions in residential neighborhoods.
- To ensure a variety of commercial, office, and/or industrial land uses which will physically and economically complement development within the project area.
- To encourage the development of commercial uses along major thoroughfares in accordance with applicable land use policies and zoning regulations.
- To encourage the use of local resources, such as the local labor force, services, and materials, in the development of the project area whenever economically feasible.
- To promote development in accordance with General Plan goals and policies.

The State Health and Safety Code requires an agreement among tax agencies for the distribution of property taxes to a redevelopment agency. When the 1988 Petaluma Community Development Project was adopted, the Commission entered into several tax allocation agreements with the following:

- Sonoma County Library
- County of Sonoma
- Petaluma Union High School District
- Petaluma City (Elementary) School District

BACKGROUND/GOALS (continued)

- Santa Rosa Junior College
- Cinnabar School District
- Old Adobe Union School District
- Waugh School District

The Commission entered into agreements with the Sonoma County Library and the County of Sonoma on October 20, 1988. The parties agreed that the Commission would receive 100% of the property tax revenue generated by an increase in assessed values from the 1987-1988 base year until fiscal year 1992-1993. From the 1993-1994 fiscal year through the end of the Redevelopment Plan, 4% of the tax increment revenues will be allocated to the Commission.

The Commission also entered into agreements with the school districts listed above. The parties agreed that an annual analysis beginning with the 1989-1990 fiscal year be performed to determine the financial impact of the Plan on the districts. If the Plan is found to cause financial burdens upon the districts, the Commission may be requested to compensate the districts to alleviate any burdens created.

The seven members of the Petaluma City Council serve as the governing body of the Commission, and exercise all rights, powers, duties and privileges of the Commission. The Executive Director of the Commission is also Petaluma's City Manager and the Treasurer of the Commission is the City's Finance Officer.

PAST ACCOMPLISHMENTS

- **Downtown Parking Garage** - In the early 1980's there was a lack of convenient, free parking to patrons in the central business district. Following a study by the City of Petaluma, the Development Commission and the City combined efforts in 1984 to finance an off-street parking facility which cost approximately \$4,000,000. The Commission's contribution was \$1,625,000 which was a combination of cash and Tax Allocation Bonds of \$1,075,000. The City of Petaluma formed a Special Assessment District and issued Tax Free Municipal Bonds in the amount of \$2,411,440 which are paid by the property owners within the special assessment district area. The benefits include convenient parking to downtown customers and merchants and accessibility to downtown stores and offices.
- **Pedestrian Bridge** - A pedestrian bridge/walkway was constructed for \$120,600 to connect the downtown area, parking garage and riverfront area for the convenience of area residents and local business owners.

PAST ACCOMPLISHMENTS (continued)

- **Putnam Plaza** - A plaza/riverwalk was added to the downtown area for \$382,000 enhancing the visual image of the downtown.
- **Other** - It should also be noted that the Commission has been assisting in the preservation of several of the iron front buildings in the downtown area as well as adding some minor streetscape improvements to enhance the downtown's appearance.

CURRENT/FUTURE PROJECTS

- **Flood Control** - The Commission's newest plan area, the Community Development Project Plan, is a very large geographical region. One of the major problems within this Project Plan area has been flooding. According to City personnel, the cost to provide flood control measures within the Denman Flat area (part of the Project Plan area) is estimated to be \$30-\$40 million. A flood control project has not been undertaken because the necessary environmental studies and reports have not been completed. The U.S. Corps of Engineers is currently preparing its Environmental Impact Study which is expected to be released in January 1991. According to City personnel, the study examines approximately a mile area near the Petaluma River and Payran Street.
- **Rainer Overpass** - Currently, the Commission is looking at this project as a potential future project, however there have been no specific development plans undertaken.
- **Factory Outlet Stores** - According to City personnel, the Commission is not involved with this project and has no future plans to be.
- **Auto Mall** - Negotiations were entered into on October 27, 1988 between Benson Investments, Inc., a California Corporation and the Commission. Presently, a disposition and development agreement (DDA) has not been signed by either Benson or the Commission. A DDA was executed between Henry C. Hansel and Marilyn J. Hansel, husband and wife, and Stephen E. Hansel and Carol Hansel, husband and wife and the Commission on October 27, 1988. The terms of the agreements state that the City will provide Hansel with an immediate land write-down and Benson will receive future sales tax rebates.

CURRENT/FUTURE PROJECTS - (continued)

Hansel Agreement - The Commission acquired land for \$5.31 a square foot and sold it to Hansel for \$2.00 a square foot less the cost of the public improvements allocated to these parcels.

Original Cost to Commission	\$3,061,149
Resale of Land to Hansel	(\$1,009,170)
Public Improvement Credit	\$ 451,200
Net Escrow Costs	\$ (8,871)

Net Cost to Commission	\$2,494,308
------------------------	-------------

The Commission issued 1988 Tax Allocation Notes November 1, 1988 for \$4,195,000 in order to purchase the Hansel parcels in accordance with the agreement. An item was noted in the bond issuance and discussed with Commission personnel regarding the percentage of vacant land in the Project area. The bond issuance stated that 39% of the land in the project area is vacant. The Commission has made a finding that no more than 20% of the Project area is vacant land, however, the supporting documentation is not located at the Commission's office and was not reviewed in our examination.

Benson Proposal - Bob Benson owned his parcels of land included in the Auto Mall area prior to negotiating an agreement with the Commission. The Commission proposes to execute a Note payable to Benson for the value of his property less \$2.00 a square foot plus the cost of public improvements. This Note has not been executed to date, however, it is estimated to be approximately \$2.8 million together with interest at eight percent (8%) per year on the unpaid balance. The term of the Note will be for fourteen years from the date of the agreement or twelve years from the date a dealership opens whichever is earlier. Benson will be paid 50% of all sales taxes generated and actually received by the City which are in excess of the sales taxes received for the 1987-1988 tax year at the original Benson Honda dealership as payment on the Note. The agreement states that the Commission agrees to buy, and to sell to Benson, two parcels. The Commission, Benson and the present owner of the parcels have not agreed on the terms of the sale. Also, according to the agreement, the Commission will be required to purchase land from Benson in order to obtain the public street right-of-way.

According to City personnel, a Special Assessment District is being discussed as a method to finance the public improvements. Benson and Hansel would be responsible for repayment annually through property tax assessments. Presently, ground has been broken on two of the Hansel parcels. The Ford dealership and the Toyota dealership have been

CURRENT/FUTURE PROJECTS - (continued)

approved by the Planning Commission. In total, ten automobile dealership sites are planned for development. Hansel has acquired four sites, Benson is negotiating five sites and the Commission will retain one site for future development.

The public benefits include additional employment opportunities for Petaluma residents, convenience of nearby auto dealerships, greater automobile selection choices, increased sales taxes for the City, and increased property taxes for the Commission.

COMPLIANCE WITH LAW

We examined the Petaluma Community Development Commission for compliance with specific Health and Safety Codes. In particular:

- **Code Section 33030** - A blighted area is one which is characterized by one or more of those conditions set forth in Sections 33021 or 33032, causing a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes serious physical, social or economic burden of the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone.

1976 Plan

We examined the Central Business District Redevelopment Plan effective October 27, 1976 and the City of Petaluma's Ordinance No. 1221 which details the reasons for selecting the Project area and defines the blighting influences present to satisfy Health and Safety Code requirements.

The Plan area boundaries are roughly Lakeville Street on the east, D Street on the south, Fourth, Fifth and Liberty Streets on the west and an area nearby Washington Street on the north.

Blighting influences noted within this Plan area include:

- The existence of buildings and structures used or intended to be used for living, commercial, industrial or other purposes, which are unfit or unsafe to occupy for such purpose due to age, obsolescence, deterioration and dilapidation.
- The existence of inadequate streets, open spaces and utilities.

COMPLIANCE WITH LAW (continued)

1976 Plan (continued)

- An underutilization of land resulting in a stagnant and unproductive condition.
- The proper utilization of the area resulting in further deterioration.
- The decline of the Central business district as a viable and competitive retail commercial center.
- The lack of adequate off-street parking and poor traffic circulation.
- The lack of a safe and aesthetically pleasing pedestrian environment in the downtown area.
- Underutilization of the Petaluma River as a recreation and transportation resource.

It should be emphasized that this Plan was adopted in 1976. The primary governing statute in effect at the time of Plan adoption was Section 33352 then existing.

1988 Plan

We also examined the 1988 Community Development Project Area Plan and the City of Petaluma's Ordinance No. 1725 which also details the reasons for selecting the Project area and defines the blighting influences present to satisfy Health and Safety Code requirements.

Blighting influences noted within this Plan area include:

- The subdividing and sale of lots of irregular form, shape and irregular size for proper usefulness and development.
- The laying out of lots in disregard of the contours and other topography or physical characteristics of the ground and surrounding conditions.
- The existence of inadequate public improvements, public facilities, open spaces, and utilities which cannot be remedied by private or governmental action without redevelopment.
- A prevalence of depreciated values, impaired investments and social economic maladjustment.

COMPLIANCE WITH LAW (continued)

1988 Plan (continued)

The Agency's designations of blighted areas appears to comply with code section requirements.

The 1988 Community Development Project is also subject to Health and Safety Code Section 33320.1. Under this code section the Project Plan area must be "predominantly urbanized". "Predominantly urbanized" means that not less than 80% of the privately owned property has been developed for urban uses. The Assessment of Conditions Report prepared by the Petaluma Community Development Commission states that "more than eighty percent (80%) of the land included in the Project area has been developed for urban uses, as defined by Health and Safety Code Section 33320.1". The Assessment of Conditions Report was incorporated in Resolution No. 88-6 and approved by the Petaluma Community Development Commission on July 5, 1988. As discussed earlier, the documentation supporting the Commission's finding has not been examined.

- **Code Section 33080** - Every redevelopment agency shall file with the Controller within six months of the end of the agency's fiscal year a copy of the independent financial audit report.

The Petaluma Community Development Commission did not comply with Code Section 33080 requiring the Commission to file with the State Controller a copy of the annual audit report within six months after the end of a fiscal year. The June 30, 1989 report was completed by the independent auditors in September 1990. The Commission has not been in compliance with this code section according to the June 30, 1987, June 30, 1988 and June 30, 1989 audited financial statements.

- **Code Section 33130** - Any agency officer or employee who owns property within the project area must provide written disclosure and will thereafter be disqualified from voting on matters directly affecting this property.

We examined Forms 721, Statement of Economic Interests from 1988 through 1990 for all members of the Community Development Commission and the Executive Director. We noted no property ownership which could be construed as a conflict of interest as stated in the above code section.

- **Code Section 33334.2** - Not less than 20% of all taxes which are allocated to the agency shall be used by the agency for the purposes of increasing and improving the community's supply of low and moderate income housing available at affordable housing costs.

We reviewed the audited financial statements from June 30, 1980 through June 30, 1989. This code section requires a 20% set aside of tax increment revenues for all plans adopted after January 1, 1977. If the Project Plan was adopted prior to January 1, 1977 the Agency/Commission has deferral requirements to meet according to the code section. The requirements are that the Agency set aside 20% of the tax increments received from

COMPLIANCE WITH LAW (continued)

- **Code Section 33334.2** (continued)

January 1, 1986 through the present, on or before 1996. The Central Business District Redevelopment Project Plan was approved in 1976, therefore, it is subject to the deferral requirements. According to City personnel, it is estimated that the liability from June 30, 1986 through June 30, 1990 should be \$333,940 which includes \$37,288 of interest.

The Community Development Project Plan was approved in 1988 and is required to set aside 20% of all tax increments received into a separate fund to be used for low and moderate income housing. As of June 30, 1989 the Commission had not received a tax increment, therefore, the fund had a zero balance. The Agency presently is in compliance with this code section. Since there have been no allocations to the Low and Moderate Income Housing Fund for either plan, no housing units have been funded with Redevelopment money. It should be noted that the City of Petaluma has been active in providing low cost housing. See "Other Matters" within this report for further discussion.

- **Code Section 33348.5** - The agency shall, biannually, conduct a public hearing for the purpose of reviewing the redevelopment project within its jurisdiction and evaluating its progress, and shall hear the testimony of all interested parties. This section does not apply to an agency of a city with a population less than 75,000 persons.

The population of the City of Petaluma does not exceed 75,000 persons, therefore, this code section does not apply.

- **Code Section 33606** - An agency shall adopt an annual budget containing all of the specific information identifying:
 1. The proposed expenditures of the agency.
 2. The proposed indebtedness to be incurred by the agency.
 3. The anticipated revenues of the agency.
 4. The work program for the coming year, including goals.
 5. An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.

COMPLIANCE WITH LAW (continued)

- Code Section 33606 (continued)

We reviewed the annual budgets from 1981 through 1990. While the Commission complied with Code Section 33606, it should be noted that the minimal information provided to comply can be improved upon to be used as a measurement of performance. Specifically, a detailed work program would be an excellent tool for internal use as well as for the public's benefit.

PERFORMANCE

The Sonoma County Grand Jury selected the Downtown Parking Garage project to be examined for performance review. Specifically, we reviewed:

1. Project accomplishments and compared them to the stated commission goals;
2. Actual versus budgeted costs, noting if there were any significant variances;
3. Debt service, noting if payments were being made in accordance with terms;
4. The project's public benefits.

The Downtown Parking Garage Project accomplishment includes:

- Providing convenient and easy access to downtown businesses and retail stores for both Petaluma residents and merchants.

This accomplishment meets the Commission's Central Business District Plan goal of:

To develop an adequate system for parking vehicles on and off the circulation routes.

The actual expenditures for the garage were compared to budgeted totals per review of the annual budgets. No unusual costs were noted.

We reviewed the audited financial statements from June 30, 1985 through June 30, 1989 noting that all debt service had been paid in accordance with terms noting no exceptions.

The public benefits for the garage were noted above under "Past Accomplishments".

OTHER MATTERS

It should be noted that the City of Petaluma is extremely active in supporting efforts to provide affordable housing. The City adopted a Housing In-Lieu Contribution requirement for all developers. The developer is given several options for compliance. Some of these options are:

- Provide 10-15% of the new units built at prices affordable to very low, low and moderate income households.
- Dedicate land to the City to be used as a site for affordable housing.
- Give a cash contribution based upon the actual sales price of a new home. The current maximum contribution is \$2,400 per new home.

Since 1984, this program has generated approximately \$4 million in fees which have been used to assist non-profit organizations in the development of over 200 affordable housing units. These non-profit organizations have included:

- Burbank Housing
- Petaluma Ecumenical Project
- Petaluma People Services Center
- Sonoma County Housing Authority
- Committee on the Shelterless
- Novato Ecumenical Housing

CONCLUSION

Until 1988, the Petaluma Community Development Commission had been involved in small Redevelopment efforts. The addition of a new Project Area Plan in 1988 and the resulting involvement in the Auto Mall will now change the "small Redevelopment Agency" perception that the Commission has held. It will be interesting to watch the growth of the Commission and to observe how the low and moderate housing needs will be improved upon utilizing Redevelopment funds.

REDEVELOPMENT AGENCY OF THE CITY OF SANTA ROSA

BACKGROUND/GOALS

The Redevelopment Agency of the City of Santa Rosa ("Agency") was created in 1958 because blighted and deteriorated areas existed within the City. The Agency submitted its first redevelopment plan in 1960 which was adopted by the City Council of the City of Santa Rosa by Ordinance No. 1036 in December of 1961. Titled the Santa Rosa Center Project, the plan outlined the types of renewal actions as follows:

- To acquire real property by purchase, gift, devise, exchange or by exercise of the power of eminent domain, where necessary.
- To relocate occupants living in structures acquired and displaced.
- To demolish or remove certain existing structures on land acquired.
- To rehabilitate, alter, modernize, or any combination thereof, of existing structures in the project area.
- To vacate or close to vehicular traffic certain street areas and dedication of other areas for public street purposes.
- To prepare acquired land for building sites. In connection therewith, to cause streets and pedestrian ways to be designed, graded and paved, and sidewalks, curbs and public utilities to be constructed and installed.
- To lease or sell land at its fair market value for reuse in accordance with and under all the conditions contained in the plan.

The original Agency plan is known as the Santa Rosa Center Project - Phase I. Originally, the Agency anticipated Phase I to be a regional shopping center but, when the City Planning Commission allowed a suburban shopping center to be developed just north of town, the plan was changed before being submitted for approval as a redevelopment plan.

In 1969 an earthquake severely damaged many buildings in the downtown area near the redeveloped Phase I area. Instead of creating a new plan, the Agency amended the Santa Rosa Center Plan to include the Santa Rosa Plaza area, or Phase II and Phase III.

BACKGROUND/GOALS (continued)

The Agency consists of five members who are appointed by the City Council and who also serve as commissioners on the seven-member Housing Authority of City of Santa Rosa. They serve for a term of four years. The Executive Director of the Agency is also the Executive Director of the Housing Authority.

PAST ACCOMPLISHMENTS

- **Santa Rosa Center Project, General** - Excerpts from an Agency synopsis of the Santa Rosa Center Project prepared in 1983 provide a history of the project.
- **Phase I**

This is the area in downtown Santa Rosa bordered by Sonoma Avenue to the south, E Street to the east, Fourth Street to the north, and Santa Rosa Avenue to the west. This area currently contains City Hall, a Federal building, a State office building and many financial, retail and office buildings including parking structures.

Of the 40 acres in the project area, approximately 12 are streets, alleys and public rights-of-way. Six acres are comprised of the Santa Rosa Creek and the Matanzas Creek, and the remaining 22 acres are residential and nonresidential parcels. Almost half of the buildings were built 50 years prior to the start of the project area. Over the years, the structures had deteriorated to a mixture of substandard residences and commercial facilities not suited for the central business district. On the basis of the project surveys, structural deficiencies were noted in 65 of the 67 residential structures, and in 31 of the 43 nonresidential buildings. The flooding problem of the Santa Rosa Creek and the Matanzas Creek and the traffic congestion caused by inadequate parking and poor street patterns contributed further to the downgrading of the project area.

Following the execution of the Loan & Grant Contract (between the Agency and the Federal Government) in June of 1962, the Agency proceeded to acquire buildings, relocate residents, demolish structures, install public improvements such as sewers, storm drains, streets, sidewalks, curbs and gutters, and reparcel the land for sale for private redevelopment. The Agency acquired 100 individual parcels from private owners, relocated 44 families, 43 individuals, and 39 businesses from the project area. Santa Rosa Creek and Matanzas Creek were diverted and placed in one underground box culvert, thereby eliminating previous flooding problems and also providing additional land for redevelopment. Construction of the box culvert

PAST ACCOMPLISHMENTS (continued)

- Santa Rosa Center Project, General (continued)
- Phase I (continued)

was achieved through the cooperation and financial assistance of the U.S. Soils Conservation Corps, the County of Sonoma, and the Agency. The total cost of Phase I to the Agency was \$6,000,000.

Major achievements in this phase of downtown redevelopment include the development of City Hall, the State and Federal office buildings, two parking garages and one parking lot, Old Courthouse Square, Sonoma Avenue Park, and various financial institutions. Additionally, public improvements throughout the Project Area contributed to the revitalization.

- Phase II

A major earthquake in October, 1969 severely damaged many older buildings in downtown Santa Rosa, most of which were immediately adjacent to the newly developed Phase I area. It was determined that the best means of rehabilitating the area was to use methods allowed by the Community Redevelopment Law. Appropriate findings were made, public hearings held, and the Redevelopment Plan was amended in March, 1970 to expand the project to include the 32 acres comprising Phase II. Phase II is bordered by 1st Street on the south, Santa Rosa Avenue on the east, 5th Street on the north, and U.S. 101 on the west.

The Agency commenced property acquisition in late 1970 and purchased a total of 101 parcels. They also relocated 29 families, 240 individuals and 131 businesses. It is noted that the 240 individuals were mostly senior citizens housed in unsafe older hotels. Prior to relocating those persons, it was necessary to find suitable replacement units. Since very little of this type of housing existed in the City, the Agency staff contacted several developers, and as a result, private enterprise constructed a total of 474 units in three separate complexes (Salvation Army, Santa Rosa Gardens, and the Lamplighter Inn).

The original plan for the Phase II area was to provide retail development, new housing, and additional parking. Upon close scrutiny of this Plan, it became evident that this type of development would not be financially feasible. The Agency then advertised for regional shopping center developers hoping to develop a retail center on a portion of the land, as this had been the original plan for Phase I. New retail development was badly needed

in the downtown area. One of the prerequisites to constructing a regional shopping center in that location was that additional land had to be made available to accommodate a center with three major department stores. Three proposals were reviewed by Agency members and Ernest W. Hahn, Inc. was selected. Other development in Phase II included three financial institutions, a restaurant, offices, and a delicatessen. The total cost of Phase II to the Agency was \$10,500,000.

PAST ACCOMPLISHMENTS (continued)

- **Santa Rosa Center Project, General** (continued)
- **Phase II** (continued)

One parcel remains undeveloped in the Phase II area. The parcel is located on the southwest corner of Fourth Street and Old Courthouse Square. The Hodge Capital Company has entered into a contract with the Redevelopment Agency to develop the site in accordance with the Redevelopment Plan.

- **Phase III**

In October, 1974, project boundaries were again expanded and the Redevelopment Plan was amended to include 12 acres to the north known as Phase III. Phase III attaches to Phase II on the north at 5th Street and roughly extends the northern boundary to 7th Street. Also included in Phases I, II, and III, but not discussed here, are the restoration of Old Courthouse Square, the Fourth Street Mall, and the old Post Office/Museum. This additional land was sufficient to develop the regional shopping center adjacent to the downtown including access to U.S. 101 and adequate parking facilities. No conventional federal urban renewal financing was available for this phase due to a change in federal grant programs. The Redevelopment Agency sold tax increment bonds to finance the major portion of the cost. Other means of financing included a loan from the shopping center developer, a loan from the City, and Community Development Block Grant Funds.

The Redevelopment Agency purchased 23 parcels from private owners, relocated 51 individuals, 5 families, and 24 businesses, and demolished all but one of the structures within the area. The one structure not demolished was originally a post office and in recent years had been used by the County Schools System for storage. The structure was deemed to have historical significance and the community indicated an interest in preserving and restoring the building for museum use. The building was physically moved three blocks over a time period of several days to a new location immediately north of the redevelopment project area onto a parcel owned by the City. The total cost to relocate and restore the structure was \$1,800,000 and of this total, \$1,076,750 was the Agency's contribution. The building has been completed and is currently used as a County museum.

Various analyses were performed to determine the fair market value of the land to arrive at a price to charge the Developer. One appraisal was approximately \$2.9 million. Another appraisal which took into account the additional costs to the

PAST ACCOMPLISHMENTS (continued)

- Santa Rosa Center Project, General (continued)
- Phase III (continued)

developer to put the shopping center on only 30+ acres, valued the land at \$-0- to \$250,000. The Developer was charged \$2 million for the land. Redevelopment law allows an agency to write down the cost of land to fair market value. Total assessed values in the Santa Rosa Center Project Phases I, II and III prior to redevelopment were approximately \$3 million. Assessed values upon completion of all three phases was in excess of \$130 million.

In conjunction with the sale of land for the shopping center, the Redevelopment Agency installed curbs, gutters, sidewalks and other public improvements for the area. The shopping center was constructed with two levels (three levels for Macy's) of shops, or a total of approximately 750,000 square feet. The three major department stores are Sears, Mervyn's and Macy's. The new Sears store opened for business in March 1981 and the remainder of the shopping center opened March 4, 1982.

PAST ACCOMPLISHMENTS (continued)

- Santa Rosa Center Project, General (continued)

The cost of all three phases of the Santa Rosa Center Project (property acquisition, relocation, demolition, public improvements, engineering fees, legal costs, and administration) totaled approximately \$27,000,000. These costs were paid from the following sources:

<u>Project</u>	<u>Cost</u>	<u>Funding Sources</u>
<u>Santa Rosa Center</u>		
Phase I	\$ 6,000,000	T.A. Bond - \$1,500,000 HUD Funds - \$4,500,000
Phase II	10,500,000	HUD Funds
Phase III	10,500,000	T.A. Bonds - \$5,000,000 City Loan - \$4,000,000 Developer Advance - \$1,000,000 CDBG Funds - \$500,000
	<u>\$27,000,000</u>	

The costs for the Fourth Street Mall and the Museum were paid from the following sources:

<u>Fourth Street Mall</u>	<u>\$ 3,825,000</u>	T.A. Bonds - \$1,500,000 (S. 1981) (Redevelopment share paid) Assessment District - \$1,500,000 City of Santa Rosa Share - \$825,000
<u>Museum</u> (Acquisition, relocation of building and restoration)	<u>\$ 1,788,000</u>	Redevelopment Agency - \$1,076,750 City of Santa Rosa - \$371,250 Private Donations - \$235,000 Landmarks Commission - \$65,000 State Historical Grant - \$40,000

PAST ACCOMPLISHMENTS (continued)

- **Santa Rosa Center Project, General** (continued)

Construction of new streets, utilities, and buildings within the Santa Rosa Center Project provided jobs for over 3,000 construction workers. Permanent jobs, primarily retail clerks and office workers, were provided for approximately 2,000 persons.

The Santa Rosa Mall provides parking facilities for over 3,000 vehicles. The parking facilities at the Mall were built by Sears, Mervyn's, Macy's and Ernest W. Hahn, Inc. and they are free to the public. The other parking structures in the downtown area are owned and managed by the City, hence parking fees are levied to provide for management and maintenance.

In the early stages of the redevelopment process before the Agency entered into contracts and agreements with Hahn, the Agency had suggested that the developer would be charged a \$400,000 fee to offset the cost of operating the parking garages in the downtown area. This was to make parking free and to possibly mitigate unfair advantage for the mall's free parking. All studies for downtown parking structures, however, included revenue estimates from parking fees to be used by the City for maintenance and improvements. This indicates that parking fees were anticipated by the City. The City, the Planning Commission and the Developer apparently did not agree on this \$400,000 fee, as it was never included in the implementation agreements. There was, however, an inclusion in the second implementation agreement of an annual \$400,000 payment from the developer to the Agency to be used to supplement the lost revenues from the tax increment caused by Proposition 13 in 1976. This was to enable the Agency to meet its debt repayment requirements.

- **Litigation**

From 1973 to 1982, 19 lawsuits with some 64 causes of action were filed against the Redevelopment Agency and the City in an attempt to either delay or halt construction of the downtown regional shopping center. All lawsuits filed against the Santa Rosa Center Redevelopment Plan were either dismissed or judgements were entered in favor of the Agency.

- **South Park Neighborhood Development Plan** - The South Park area is a 126-acre community located in the southeast quadrant of the city. Its boundaries are Bennett Valley Road on the north, Petaluma Hill Road on the west, Santa Ana Drive on the south (but not including Santa Ana Drive) and Hendley Street/Sonoma County Fairgrounds on the east.

PAST ACCOMPLISHMENTS (continued)

- **South Park Neighborhood Development Plan** (continued)

The Plan objectives were to improve the area roads, build a park, add affordable housing, reduce the intensity of traffic in residential neighborhoods, and encourage development and improvements to existing structures. With imaginative planning the area would employ a planned unit development concept to improve the neighborhood by equaling or surpassing the quality as required by standard zoning regulations.

Major achievements in the Project Area include the preservation and rehabilitation of existing housing in the 34-block area through the Housing Rehabilitation Program, the development of a 47-unit subsidized housing project for the elderly, the development of a senior center, a public park, commercial rehabilitation and development and extensive public improvements.

The source of funds for the \$7 million Project was a combination of Neighborhood Development Program funds, a Community Development Block Grant (CDBG) and Department of Housing and Urban Development funds.

The public improvement projects set forth in the plan are complete. The plan was terminated in May 1988.

CURRENT ACCOMPLISHMENTS

- **Grace Brothers Site Redevelopment Plan** - The Grace Brothers Site Redevelopment Plan was adopted by Santa Rosa Redevelopment Agency Resolution No. 1237 on July 23, 1985 and Santa Rosa City Council Ordinance No. 2476 on August 6, 1985. The plan includes approximately 9 acres. The boundaries of this plan are Railroad Street on the west, Third Street on the north, Highway 101 on the east and Santa Rosa Creek on the south.

The goals as stated in this plan are as follows:

- The elimination of environmental deficiencies in the Project Area, including, among others, small and irregular lots, obsolete and aged building types, mixed character and incompatible uses and inadequate or deteriorated public improvements.
- The assembly of land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area.

CURRENT ACCOMPLISHMENTS

- **Grace Brothers Site Redevelopment Plan** (continued)
 - The replanning, redesign and development of undeveloped areas which are stagnant or improperly utilized.
 - The strengthening of retail and other commercial functions in the Project Area.
 - The strengthening of the economic base of the Project Area and the community by the installation of needed site improvements to stimulate new commercial expansion, employment and economic growth.
 - The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire project.
 - The expansion or improvement of the community's supply of low- and moderate-income housing.

The Agency and the City have completed acquisition, relocation and demolition activities. Site preparatory projects are in progress, including coordination and monitoring of public improvements that are necessary to facilitate the redevelopment project. These projects are the realignment of Wilson/Railroad Street, widening of Third Street and associated signal improvements.

Discussion regarding this plan is included under future projects.

FUTURE PROJECTS

- **Grace Brothers Site Redevelopment Plan** - Currently the site as previously described is proposed to be a 300-room hotel with 15,000 square feet of conference space, restaurants, parking and other related amenities. The Agency is currently in the process of soliciting and selecting the most qualified team to develop and operate the project.

The project is expected to be funded through developer financing, a combination of tax increment financing, and possibly other public financing. The degree to which the Agency will extend public assistance shall be determined by the economic needs of the project. The \$2 million of costs incurred are being funded with a loan from the City of Santa Rosa.

FUTURE PROJECTS (continued)

- **Roseland Redevelopment Project** - The Roseland Redevelopment Project is currently included in the Sonoma County jurisdiction and includes improvements to that area's infrastructure. It is anticipated that when approximately 60% of the area is annexed into the City of Santa Rosa, the Agency will take over responsibility.
- **Other** - The Agency is also currently involved in various projects which are in preliminary stages. They are evaluating proposals and land use studies which are necessary before a Redevelopment Plan can be adopted. Discussions with the City Planning Commission are ongoing. Other projects currently in this stage, but not formally adopted or named, are referred to in the Agency's files as:

Freeway Parking

Hoag House

Old Corporation Yard

Windsor

Santa Rosa Air Center

Railroad Square

Further analysis of these projects was deemed beyond the scope of our engagement at this time.

SPECIAL COMMENT

The Redevelopment Agency of the City of Santa Rosa was not involved in the Hotel La Rose renovation, however, the City of Santa Rosa was involved. The Hotel was renovated using Historical Rehabilitation Revenue Bonds with an original principal indebtedness of \$4,667,000. The reference in the documentation and deed of trust are as follows:

Hotel La Rose Limited

c/o Platt, Adams & Associates

550 Battery, Suite 515

San Francisco, California 94111

City of Santa Rosa

100 Santa Rosa Boulevard

Santa Rosa, California 95402

Attention: Director of Finance

The Mitsubishi Bank of California

800 Wilshire Boulevard

Los Angeles, California 99017

Attention: Corporate Finance I

COMPLIANCE WITH LAW

We examined the Redevelopment Agency of the City of Santa Rosa for compliance with specific Health and Safety Codes. In particular:

- **Code Section 33030** - A blighted area is one which is characterized by one or more of those conditions set forth in Sections 33031 or 33032, causing a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes serious physical, social or economic burden of the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone.

We examined the R-212 Report on Phase II of the Santa Rosa Center Project Plan. Blighting influences noted within this Plan area are:

- Functional obsolescence of buildings primarily due to the earthquake.
- A hazardous, inconvenient and congested circularization system.
- Inadequate public utilities and community facilities.

We also examined the Phase III Report on the Santa Rosa Center Project Plan. Blighting influences noted within this Plan area include:

- The predominate economic depreciation of the area, as evidenced by the loss of assessed valuation prior to and after the earthquake.
- Obvious deterioration, obsolescence and deficiencies of buildings in the area.
- The poor utilization of land parcelization as well as mixed land uses.

The Santa Rosa Center Project Plan was involved in lawsuits which challenged the existence of blight within the project area. Judgements were entered in favor of the Agency at both the trial and appellate court levels. The Agency's designations of blighted areas comply with code section requirements.

It should be noted that significant amendments have occurred to this Health and Safety Code Section over the years. The primary governing statute in effect at the time of Plan adoption was Section 33352 then existing.

- **Code Section 33080** - Every redevelopment agency shall file with the Controller within six months of the end of the Agency's fiscal year a copy of the independent financial audit report.

COMPLIANCE WITH LAW (continued)

- Code Section 33080 (continued)

We reviewed the June 30, 1989 Santa Rosa Redevelopment Agency financial statements issued by Deloitte, Haskins and Sells noting the report date of September 29, 1989. The independent auditors commented that there was no noncompliance with laws and regulations. Based upon the independent auditor's report we believe the Agency is in compliance.

- **Code Section 33130** - Any Agency officer or employee who owns property within the project area must provide written disclosure and will thereafter be disqualified from voting on matters directly affecting this property.

We examined Forms 730 and 721, Statement of Economic Interests from 1981 through 1990 for all members of the Redevelopment Agency. We noted no property ownership which could be construed as a conflict of interest as stated in the above code section.

- **Code Section 33334.2** - Not less than 20% of all taxes which are allocated to the Agency shall be used by the Agency for the purposes of increasing and improving the community's supply of low- and moderate-income housing available at affordable housing costs.

We reviewed the Department of Housing and Community Development (HCD) reports from June 30, 1986 through June 30, 1989. We noted that the Agency has reported setting aside 20% of all tax increments received as required by law beginning with fiscal year 1985 - 1986. As of June 30, 1989 there has been \$1,393,986 of tax increments and interest income received. Cumulative expenditures are \$58,236 and the ending cash balance in the fund is \$1,335,750. Since July 1, 1985, the Agency assisted in the financing of five low-income replacement dwelling units and in the funding for the operating costs of a temporary homeless shelter. As of June 30, 1987, the Agency's ending cash fund balance was in excess of \$500,000. The Agency is required to encumber or expend the excess funds over \$500,000 within five years from June 30, 1987 or the excess funds will be transferred to the County Housing Authority. According to the HCD report as of June 30, 1989, "Redevelopment funds in the amount of \$964,200 have been budgeted for three housing programs in the 1989 - 1990 fiscal year. The three housing programs consist of Citywide Housing Rehabilitation, Mobilehome Rent Deferral and Downtown Housing." The Agency presently is in compliance with this code section.

- **Code Section 33348.5** - The Agency shall, biennially, conduct a public hearing for the purpose of reviewing the redevelopment project within its jurisdiction and evaluating its progress and shall hear the testimony of all interested parties. This section applies to an Agency of a city with a population more than 75,000 persons.

COMPLIANCE WITH LAW (continued)

- Code Section 33348.5 (continued)

In accordance with the above code section, public hearings were held on June 29, 1987 and December 18, 1989 to review the progress of Agency projects and to hear public testimony regarding these projects. We examined the minutes from these hearings noting that a summary progress report was prepared by Agency personnel and that the meeting was open to public comment. The Agency presently is in compliance with this code section.

- Code Section 33606 - An agency shall adopt an annual budget containing all of the specific information identifying:

1. The proposed expenditures of the Agency.
2. The proposed indebtedness to be incurred by the Agency.
3. The anticipated revenues of the Agency.
4. The work program for the coming year, including goals.
5. An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.

- Code Section 33606 (continued)

We reviewed the annual budgets from 1981 through 1990. The Agency has complied with the code section noted above, however, minimal information is provided for work program documentation. A detailed work program could be a valuable source to track the Agency's goals and accomplishments on a yearly basis for internal use and for the citizen's information.

PERFORMANCE

The Sonoma County Grand Jury selected the Santa Rosa Center, Phase II and Phase III (known as the Santa Rosa Plaza Project) to be examined for performance review. Specifically, we reviewed:

1. Project accomplishments and compared them to the stated Agency goals;
2. Actual versus budgeted costs, noting if there were any significant variances;

PERFORMANCE (continued)

3. Debt service, noting if payments were being made in accordance with terms; and
4. The project's public benefits.

The Santa Rosa Plaza Project accomplishments include:

- Providing a retail center in downtown Santa Rosa.
- Employment opportunities for community residents.
- Several deteriorated buildings were eliminated.

This accomplishment meets the Agency's action objective of:

- To prepare acquired land for building sites.

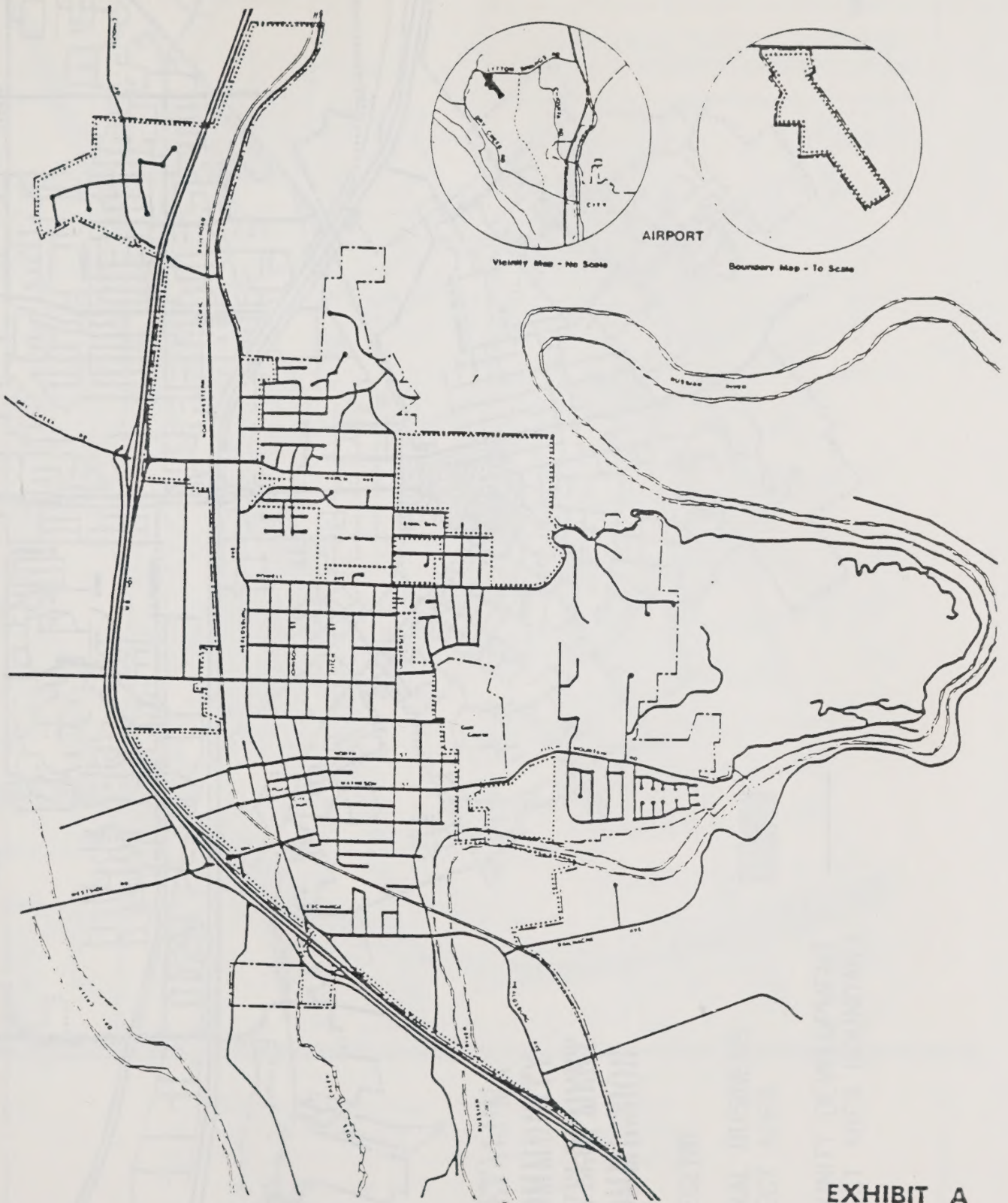
The actual expenditures of the Plaza occurred mostly in the 1970's. Our scope was limited to a 10-year review (from 1980 - 1989), therefore, actual costs incurred were not reviewed in relation to budgeted costs for this project.

We reviewed the audited financial statements from June 30, 1981 through June 30, 1989 noting that all debt service had been paid in accordance with terms noting no exception.

The public benefits for the Santa Rosa Plaza were noted above under "Past Accomplishments".

CONCLUSION

Based upon our review of the Santa Rosa Center Project, the Santa Rosa Redevelopment Agency has contributed a significant amount of resources to rehabilitating and enhancing the appearance and economic well-being of the downtown area. The on-going and future projects noted in this report also indicate that there are continuing efforts to stimulate economic growth and employment for the citizens of Santa Rosa.

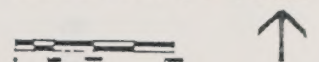


PROJECT BOUNDARY MAP

----- Project Area Boundary
 ——— City Limits

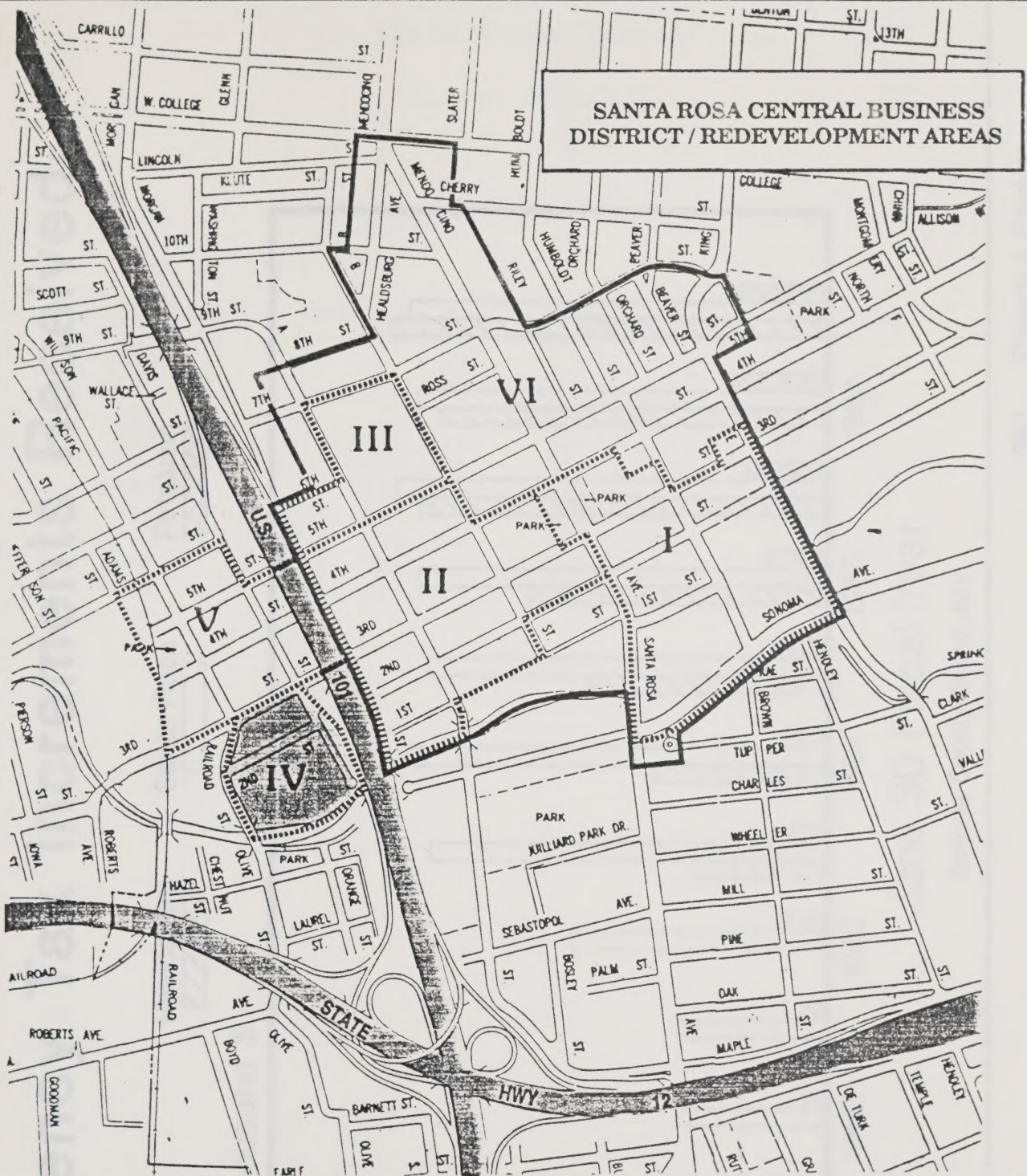
EXHIBIT A

CITY OF HEALDSBURG,
 SONOMA COUNTY, CALIFORNIA



[illegible][illegible][illegible][illegible][illegible]

Map I



- I — Original Redevelopment project area — completed.
- II — Area added following 1969 earthquake — completed.
- III — Area added to provide sufficient land to accommodate regional shopping center — completed.
- IV — Grace Brothers Redevelopment Project
- V — Historic Railroad Square area.
- VI — Central Business District



Agency Tax Increments Received

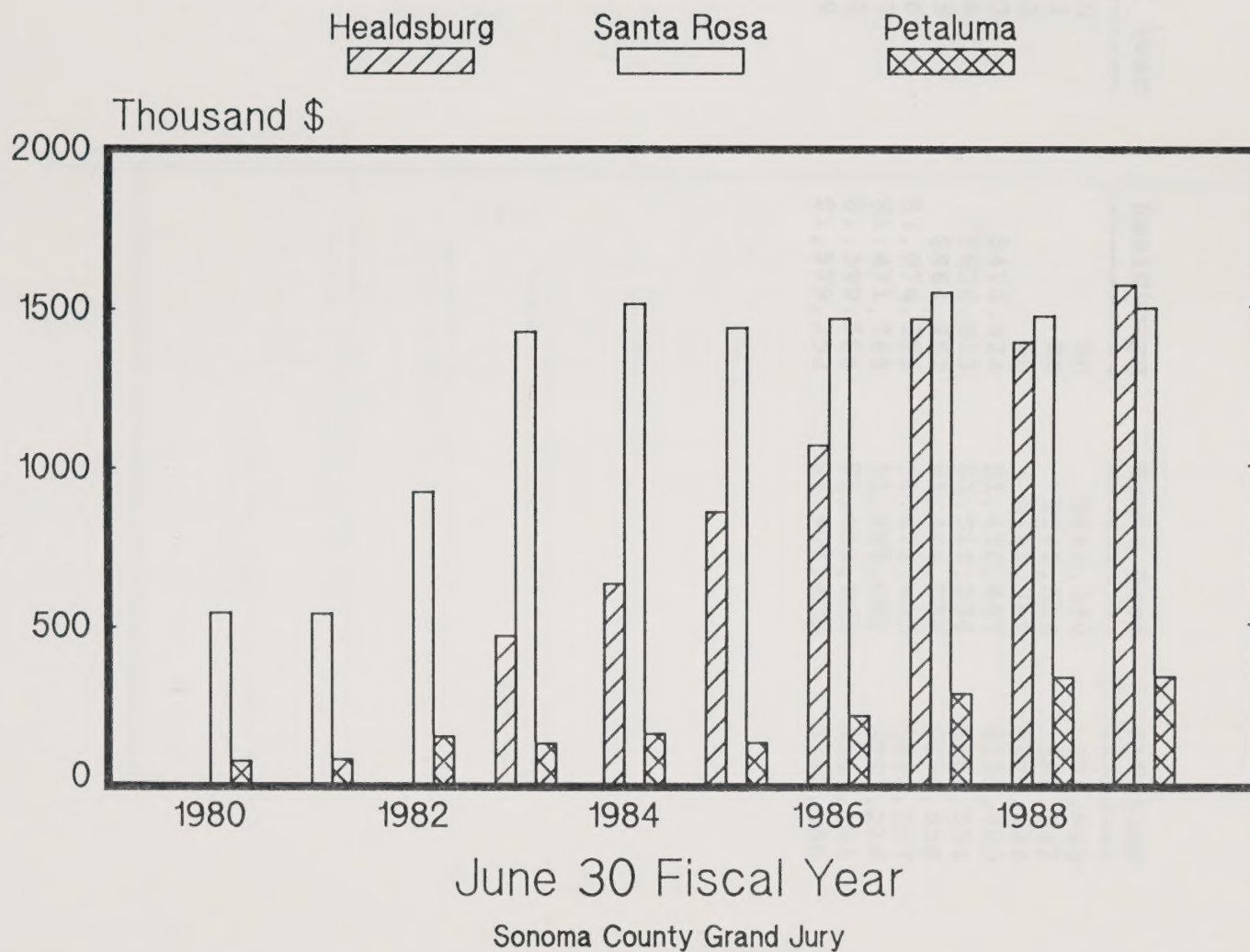


EXHIBIT B

October 1990



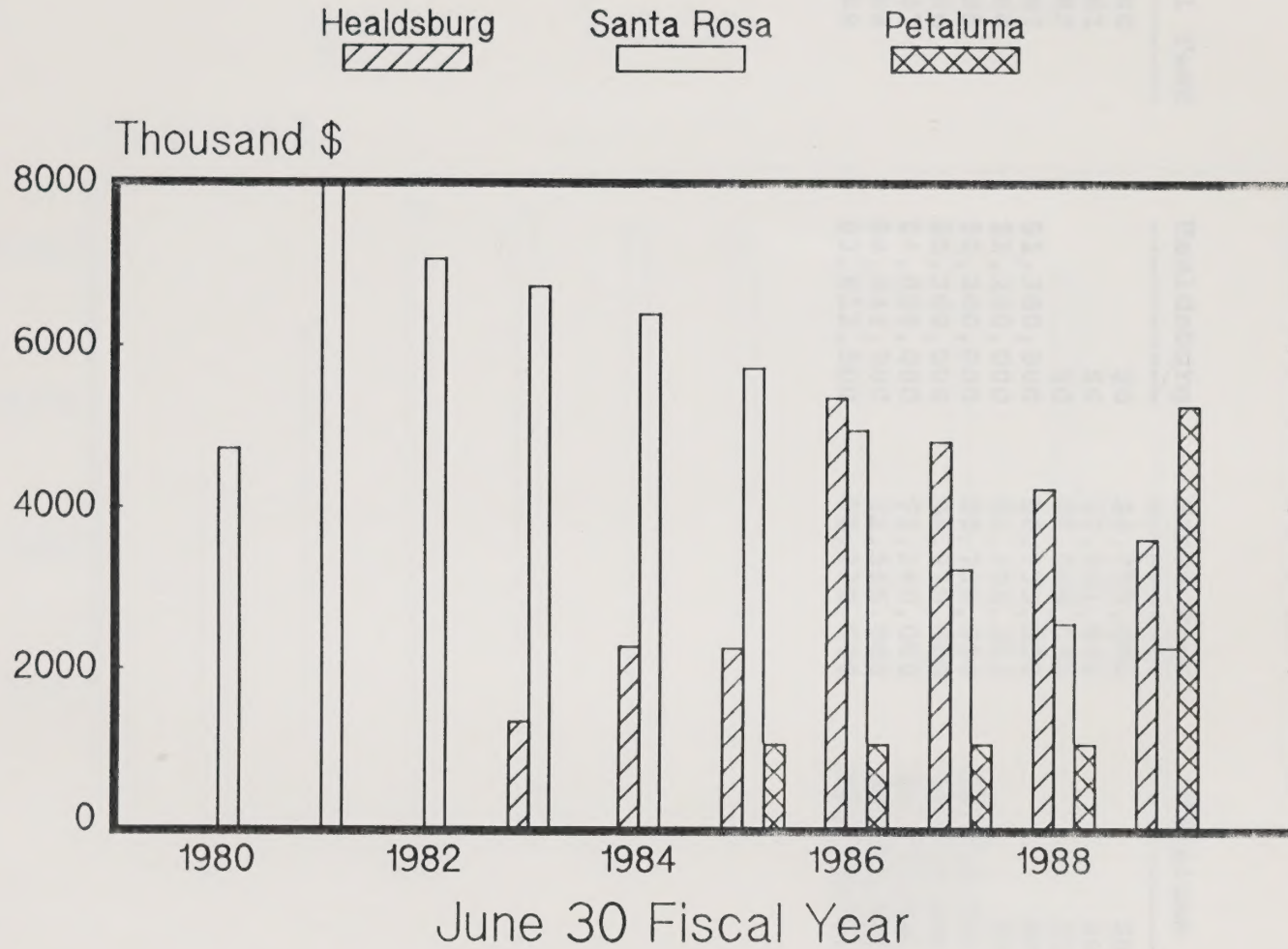
Pisenti & Brinker
Certified Public Accountants

Tax Increments Received

June 30 Fiscal Year

Fiscal Year	Healdsburg	Santa Rosa	Petaluma
1980	\$0	\$546,158	\$80,963
1981	\$0	\$542,526	\$86,042
1982	\$0	\$925,988	\$158,446
1983	\$474,424	\$1,430,687	\$135,760
1984	\$636,813	\$1,519,236	\$166,554
1985	\$864,252	\$1,444,339	\$138,558
1986	\$1,074,559	\$1,473,405	\$222,507
1987	\$1,471,749	\$1,555,063	\$293,219
1988	\$1,399,584	\$1,481,935	\$344,121
1989	\$1,579,353	\$1,507,459	\$346,860

Agency Long Term Debt



Sonoma County Grand Jury

October 1990



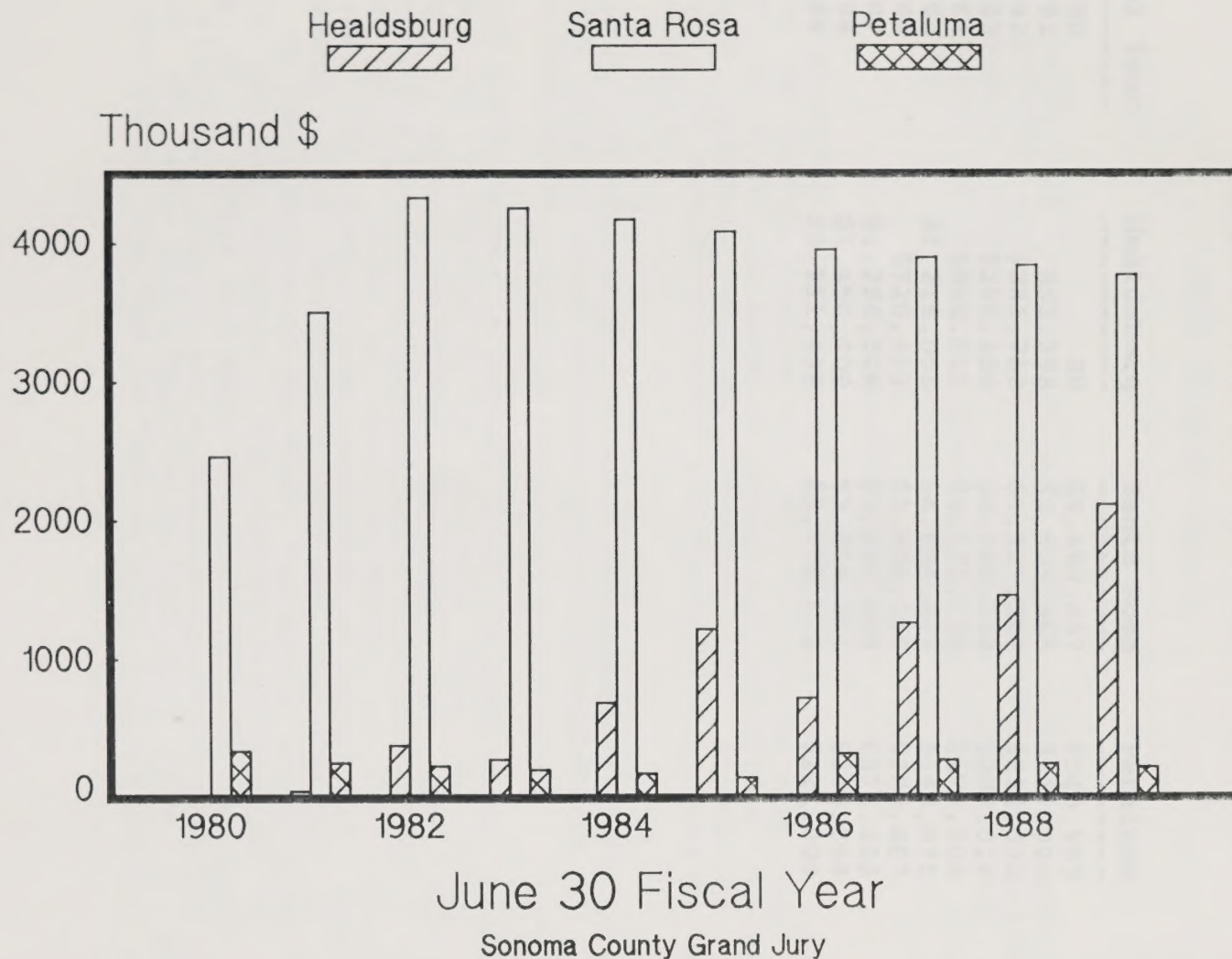
Pisenti & Brinker
Certified Public Accountants

Long Term Debt

June 30 Fiscal Year

Fiscal Year	Healdsburg	Santa Rosa	Petaluma
1980	\$0	\$4,730,000	\$0
1981	\$0	\$7,961,930	\$0
1982	\$0	\$7,068,330	\$0
1983	\$1,350,000	\$6,733,330	\$0
1984	\$2,280,000	\$6,393,330	\$0
1985	\$2,260,000	\$5,728,930	\$1,075,000
1986	\$5,369,000	\$4,970,000	\$1,075,000
1987	\$4,828,000	\$3,240,000	\$1,075,000
1988	\$4,243,000	\$2,565,000	\$1,075,000
1989	\$3,612,500	\$2,270,000	\$5,270,000

Agency Loans Payable to City



October 1990



Pisenti & Brinker
Certified Public Accountants

Loans Payable to City

June 30 Fiscal Year

Fiscal Year	Healdsburg	Santa Rosa	Petaluma
1980	\$0	\$2,464,457	\$340,993
1981	\$52,398	\$3,506,965	\$257,020
1982	\$381,782	\$4,327,327	\$232,032
1983	\$280,156	\$4,252,218	\$206,018
1984	\$686,813	\$4,171,338	\$178,305
1985	\$1,216,058	\$4,084,247	\$148,971
1986	\$720,491	\$3,954,198	\$320,687
1987	\$1,256,526	\$3,897,855	\$274,352
1988	\$1,454,409	\$3,836,894	\$246,098
1989	\$2,111,436	\$3,770,931	\$221,000

HEALDSBURG COMMUNITY REDEVELOPMENT AGENCY
SOTOYOME COMMUNITY REDEVELOPMENT PROJECT AREA

WORK PROGRAM 1989-90

The following Work Program reflects central objectives approved in the project area plan (Ordinance No. 687), the Agency's accomplishments for Fiscal Year 1988-89, along with an identification of continuing policies and activities for Fiscal Year 1989-90.

CENTRAL OBJECTIVES

The Plan provides a statement of five Central Objectives which are to be the guiding outline for execution of the plan over the life of the Plan, the Lines of Action set out herein are pre-determined project outlines intended to accomplish the Objectives. The Agency has based its annual work program on these lines of action.

A review of the Central Objectives is desirable in order to re-focus the many on-going projects toward accomplishment of the Agency's objectives.

The Agency participates in several roles. It undertakes complete projects, it participates in projects with the City of Healdsburg, other government agencies and with private developers. The Agency may acquire land, then lease or sell such land at market value or less dependent on its economic objectives. The Agency lends money both at market rate and at below market rate, depending on need and desirability of the project to the purposes of the Plan. The Agency makes grants of money to private projects. The Agency participates in the planning of projects and makes its good offices available to assist others in planning and accomplishing projects within the scope of the Plan and within the Project Area. All of these methods are found from time to time in these Work Programs.

I. THE AGENCY SHALL UNDERTAKE TO BROADEN AND DIVERSIFY THE ECONOMIC BASE WITHIN ALL COMMERCIAL AREAS OF THE COMMUNITY, HOWEVER, MAINTAINING AN EMPHASIS WITHIN THE CORE COMMERCIAL DISTRICT.

A. The rehabilitation and/or expansion of existing retail, services and other commercial areas within the Project Area.

1. The Agency's direct marketing and cooperative efforts with developers should continue to be directed at diversifying the City's economic base.

a. Specific cooperative efforts with the developers of Vineyard Plaza (Bob Rodde) and Willow Creek Plaza (Barry Swenson) during FY 1988-89 have been directed at bringing new business types and services to the community and expanding those areas which market growth is feasible, without adversely affecting existing businesses. Such efforts will continue in FY 1989-90.

b. During FY 1989-90, direct mail programs, cooperative advertising, and public information activities will focus on unsaturated market areas.

2. Focus downtown projects and programs that will help existing business and reduce vacancies.

a. The on-going Business Assistance Program including the facilitation of: Job Training; Assistance SBIA or SBIC financing; below market energy conservation loans; and export/import financing reflect the Agency's commitment to help existing businesses.

b. The Agency's financial support of the Downtown Business District and contract marketing through Cloud 9 Productions is an added reflection of their desire to help existing businesses.

c. The Agency has worked during FY 1988-89 directly with landowners, realtors, and brokers seeking to fill vacancies to provide focused assistance to prospective tenants. This will continue in FY 1989-90.

3. Formulate direct assistance programs to encourage the rehabilitation of existing buildings.

- a. The Agency's building rehabilitation/facade grant program during FY 1988-89 continued at a full pace. Approximately 20 different projects have been assisted with an investment of \$40,000 with leveraged improvements over \$380,000.

During FY 1989-90, an additional \$40,000 is proposed for this program with some expansion in scope to include sidewalks expansion of the target area to include all southern approaches to the downtown and in formulas so as to facilitate greater efforts at target locations.

It is significant to note that the preservation of historical buildings coupled with business stimulation have been major bi-products of this program.

4. Sponsor, where possible below market financing for new and existing businesses.

- a. During FY 1988-89, the Agency undertook a major effort to promote the utilization of pooled taxable bonds for commercial projects and tax exempt bonds for industrial projects. Taxable bonds are the likely methods of financing for the hotel project. Other businesses were able to obtain more competitive conventional financing as a direct result of their broadened exposure to alternative methods of financing.

- b. The Agency continues, as an on-going program, to facilitate SBIA and SBIC financing for interested businesses through periodic informational mailing to businesses.

- c. The Agency, in cooperation with the City electrical utility, has made two mailings of informational and application materials to businesses likely and eligible to participate in the below market rate loans for energy conservation projects by SAFE - BIDCO a non-profit corporation established by the State of California.

B. Public off-street parking facilities may be provided to the extent necessary to attract new businesses or permit expansion of existing businesses.

1. Encourage the maximum use of Agency parking lots.

- a. The Agency opened, during the prior year, its Mitchell Lane parking lot and continues to encourage area businesses to maximize their use of this lot.
- b. The Contract of Sale with the Carter/Biord Healdsburg Hotel partnership negotiated in FY 1988-89 provided for their use and expansion of the southerly portion of the Agency Westside parking lot.
- c. On-going negotiations with Barry Swenson for his Phase II office retail development is designed to provide for the reciprocal use of the northerly portion of the Agency's westside parking lot by both Phase I and Phase II businesses along with permitted special uses such as the Farmers Market.
- d. During FY 1989-90, the Agency plans to re-evaluate its plans for parking and other uses of the old Northwestern Pacific parcel to satisfy downtown parking demands.
- e. Additionally, during FY 1989-90, Agency owned property adjacent to the Old Maherajah building will be further investigated in the context of the adopted streetscape plan to provide added Chamber of Commerce parking.
- f. During FY 1988-89, the Agency provided funding to acquire land and improve the regional library parking lot.

C. Some segments of streets which are not required for vehicle circulation may be closed or abandoned in order to create new sites for parking facilities, additional private development or public opened space.

- a. During Fiscal Year 1989-90, Dryer Street, west of Haydon is likely to be abandoned to create added parking for a number of industrial businesses.

D. Housing, mixed within or abutting shopping or service centers in a well planned frame work, will be encouraged.

1. Evaluate means to facilitate mixed commercial and residential uses in commercial zones.

a. The Agency supported in prior years, through its extension of Vine Street across Agency property, the development of Foss Creek Place of mixed residential, office, and industrial projects.

b. During Fiscal Year 1989-90, the Planning Commission, as part of its zoning ordinance update, will examine other mixed use development opportunities.

E. Public improvements will be undertaken by the Agency or encouraged through economic incentives to address current deficiencies or those resulting from new development.

1. Undertake street and/or utility improvement in the downtown that would otherwise face difficulty obtaining funding.

a. During prior years, virtually all of the downtown drainage project was completed including the Foss Creek Detention Basin and downtown drains.

b. During FY 1989-90, contracts were let and procurement initiated for a major rehabilitation of Plaza paths and utility conduits, installation of new benches and other improvements.

c. During FY 1988-89, the Agency adopted a multi-year streetscape project which will involve over an eight year period over \$500,000 in intersection, sidewalk, and landscaping improvements within the downtown.

d. During FY 1989-90, the Agency will undertake construction of approximately 20% of the streetscape project including the Center/North and Center/Piper intersections and mid-block bulb outs in conjunction with the utility undergrounding district. During the subsequent year, street tree installation and other sidewalk improvements are planned throughout most of the undergrounding district concurrent with installation of antique style street lights by the City electric utility.

2. Include all feasible off-site improvements as part of Agency financed projects.

- a. The Agency, as part of its Vineyard Plaza and Westside projects, included the installation of Vine Street as well as the widening of Center and North Streets.
- b. No off-site improvements were undertaken during FY 1988-89 or are planned in FY 1989-90, however, the Agency has undertaken a pre-engineering study of all infrastructure improvements required to achieve the full development of the Old Redwood Highway Addition and adjacent properties.

3. Assist in establishing an alternative north/south traffic corridor.

- a. During prior years, the extension of Vine Street across the Agency's land acquired from Northwestern Pacific Railroad Co. was completed. An additional segment extending northerly until 400 feet south of Grant Street was completed under the Foss Creek Assessment District.
- b. During FY 1988-89, and FY 1989-90, the Agency has and will assist the City in developing an action plan to extend Vine Street both within the project area and in area subject to prospective annexations.

F. Tax-exempt financing may be provided by the Agency for those projects that meet the objectives of the Agency, the specifics of the development plan and the adopted goals of this City.

1. Use tax-exempt financing to the extent possible to encourage the redevelopment of the West Plaza Area and other areas.

- a. In prior years, the Agency utilized tax-exempt financing to facilitate the Vineyard Plaza and Dry Creek Inn projects as well as the acquisition and development of the Westside project area and acquisition of the NWPRR and parking parcels. Recent changes in Federal stature preclude for all intents and purposes this type of financing in the future.

- b. The Agency has facilitated the utilization of tax exempt assessment district bonds such as those for the Foss Creek Assessment District, however, changes in Federal statute severely limit the utilization of this tool for future projects.
 - c. The Agency, as part of a FY 1989-90 analysis of alternative incentives to facilitate an auto mall and other job producing projects, will explore methods of participating in assessment districts.
2. Focus the Agency financing efforts on projects that compliment the West Plaza and Vineyard Plaza projects.
- a. During FY 1988-89 and FY 1989-90 the Agency will commit over \$200,000 toward downtown improvements including traffic islands, streetscape, West Plaza walks and Plaza renovation.
 - b. During FY 1989-90, the Agency will undertake a study of all undeveloped land within the project area in an effort to identify constraints to development and actions that can be taken to facilitate its development.
3. Expand the Agency's goals and objectives to more efficiently implement its legally adopted lines of action.
- a. The Agency will, in FY 1989-90, seek to re-evaluate all available means and incentives to encourage new job and revenue producing projects.
 - b. The Agency will, on a regular basis, review its long term financial plan re-evaluating and updating its priorities for projects and programs.
- G. Development projects will be encouraged which embody the assembly of small or irregularly shaped parcels into larger units which can fully achieve the most efficient use of limited available land within the project area.
1. Develop Agency programs to facilitate residential and other land assembly.
- a. The Agency, during FY 1988-89 determined not to pursue, as a priority objective, further land acquisition until current Agency owned property is fully developed.

- b. During FY 1989-90, the Agency will consider possible land assembly wherein a developer will contract the concurrent acquisition from the Agency of the same land at the Agency's cost.
 - c. No residential land assembly or acquisition is currently contemplated.
2. During the project evaluation process, staff will review the potential enlargement or concurrent consideration of projects to eliminate irregularly shaped parcels or inclusion of adjoining developments.

A continuing objective.

II. THE AGENCY WILL WORK TO EXPAND THE CITY'S EMPLOYMENT BASE, ESPECIALLY THAT NECESSARY TO PROVIDE JOBS WITHIN THE COMMUNITY FOR THOSE GRADUATING FROM LOCAL OR AREA EDUCATIONAL INSTITUTIONS THROUGH THE ENCOURAGEMENT OF NEW OFFICE, RETAIL, PROFESSIONAL AND INDUSTRIAL DEVELOPMENTS IN CONFORMANCE WITH THE GENERAL PLAN.

A. Developers of industrial or manufacturing projects will be encouraged, where possible, to focus their efforts on the maximum employment and commerce productions.

1. Utilize Agency sponsored funding to stimulate the build-out of existing industrial parks.

a. The Agency has and will continue to endeavor to facilitate the CSAC/LCC sponsored Bonds for Industry program.

b. The Agency, during FY 1989-90, will expand its efforts to assist in the packaging of taxable Agency bonds and pooled corporate bonds coupled with other state financing for job producing industrial projects.

c. During FY 1989-90, the Agency will explore industrial job incubation projects and multi-tenant buy-back projects utilized in other cities to determine their feasibility within the project area.

2. Encourage the expansion or relocation of existing businesses.

- a. During prior years, City and Agency staff worked in cooperation with the Business Action Council to develop a more equitable mechanism to deal with utility capacity expansion requirements of growing businesses or those moving within the City. The addition of Chapter 17B to the Healdsburg Municipal Code during FY 1988-89 implemented this program.
 - b. During FY 1989-90, the Agency will expand its efforts to identify and facilitate alternative financing sources to assist small business expansion or relocation within the project area. An intern will be assigned to evaluate the effectiveness of a variety of incentives and other mechanisms used by Redevelopment Agencies in other areas.
3. Assist the Planning Commission in identifying the types of business that will support existing industry.

A continuing objective.

B. Commercial and industrial rehabilitation will be encouraged in those instances where additional employment opportunities will be created.

1. Undertake exterior rehabilitation projects which encourage leveraged interior improvements to commercial and industrial buildings.
 - a. During FY 1988-89, the Agency expanded its facade program target area beyond the downtown with projects including the Empire Center.
 - b. During FY 1989-90, proposed expansion of the Facade project target areas will include Mill Street, southern Healdsburg Avenue, Grant Street and other commercial areas directly abutting the downtown.

C. Public improvement projects will be designed to encourage the maximum utilization of local and area firms and the local work force.

II. THE AGENCY WILL WORK TO INTEGRATE NEW DEVELOPMENT AND REHABILITATION PROJECTS WITHIN PROJECT AREA SO THAT IT PRESERVES AND ENHANCES THE HISTORIC AND SMALL TOWN QUALITIES THAT MAKE HEALDSBURG A DESIRABLE PLACE TO LIVE.

A. Public and private improvements, including landscaping, lighting and sidewalks will be integrated where possible to achieve a common visual effect.

1. Develop an integrated streetscape program including new street signage, improve sidewalks, intersection beautification, added street trees and street furniture to achieve this objective.

a. During FY 1988-89, the Agency adopted an 8-year, \$500,000, program to implement this objective.

b. During FY 1989-90, the Agency will undertake the first 20% of this plan coupled with continuing efforts to replace existing street lights with antique style lights and undergrounding of utility lines in the downtown.

2. Encourage private efforts to further beautify the downtown.

a. The Agency's financial support to the Downtown Business District during FY 1989-90 will continue to facilitate the installation and maintenance of barrel-type planters throughout the downtown.

b. During FY 1989-90, the Agency in its facade project program will expand its scope to include sidewalk improvements, benches, and planters complementing the streetscape project.

c. In negotiations involving Phase II of the Swenson Office/Retail project and other projects, the Agency will endeavor to encourage design themes and features which enhance and protect the historic and small-town character qualities of the community.

B. Using a design criteria developed by the community and the Agency, with the guidance of the Design Review Commission, the Agency will encourage existing local businesses as well as new development projects, to conform to design principles and recommendations, especially those surrounding the town's square.

1. Develop, with the cooperation of City bodies and businesses reasonable design objectives and guidelines recognizing the existing architectural diversity in the project area.
 - a. A priority in Fiscal Year 1988-89 and continuing objective specifically as it relates to building rehabilitation/facade grant program.
 - b. During Fiscal Year 1989-90, the Agency will implement a program of directional and parking sign replacement in the downtown area to further enhance the desired design character.
 2. Support the installation of public improvements that compliment private efforts.
- C. Other projects will be encouraged to adopt architectural themes and emphasis consistent with the historic and small town atmosphere of the community.
1. Utilize Redevelopment Agency powers when reasonable to assist City agencies in meeting this objective of the Project Area Plan.
 - a. The Agency has chosen to utilize incentives as versus regulation or Agency approval to facilitate this objective. During FY 1988-89, this technique was best illustrated by the Facade Program.
 - b. The Agency in its FY 1988-89 Development and Disposition Agreement for the Carter/Biord Hotel Project chose to relay on normal City design review approvals as versus Agency action to satisfy this objective.

IV. THE AGENCY WILL WORK TO EXPAND THE CITY'S REVENUE BASE BY ENCOURAGING NEW RETAIL AND INDUSTRIAL DEVELOPMENTS OR THE EXPANSION OF EXISTING COMMERCIAL ENTERPRISES WHICH PRODUCE REVENUES IN EXCESS OF THOSE EXPENSES NECESSARY TO PROVIDE CITY SERVICES TO THEM.

- A. The Agency will work with the City Planning Commission and other City bodies to produce creative and innovative zoning.

1. Encourage the use of planned unit development (PUD) process for Agency projects.

a. During the prior years, the Agency encouraged the utilization of the planned unit development process on the Vineyard Plaza, Foss Creek and West Plaza Projects.

b. During FY 1989-90, the Agency will seek inclusion in the new City zoning ordinance of a new special redevelopment project PUD overlay zone and process for either Agency projects or cooperative multi-property owner private projects.

2. Evaluate optimum land use along the northern entry corridors of the project area.

No activity.

B. Private development will be encouraged specifically where they add to, as contrasted to redistributing, sales tax production or other revenues derived from commercial transactions.

1. Undertake fiscal impact analysis for major new developments.

a. During FY 1988-89 the Agency/City staff initiated fiscal impact analysis on three major projects two within the project area and one outside.

b. During FY 1989-90 the Agency will broaden its focused direct mail and other marketing efforts on segments of the business community and types of businesses most likely to achieve this objective.

2. Focus business assistance in areas where economic expansion is most likely.

a. During FY 1988-89, business assistance programs including PIC job training, BIDCO energy loans, and DOC export/import assistance were directed to businesses where utilization was most likely. Significant numbers of businesses are now participating in these programs.

- b. During FY 1989-90, dependent on action by the legislature, the Agency will re-apply for Enterprise Zone Designation in order to broaden available business assistance to include a variety of tax incentives.
- C. Private development will be encouraged when it broadens the revenue base of the City's water, sewer and electric utilities.
 - 1. Encourage infill development where utilities are in place.
 - a. During FY 1989-90 the Agency/City staff will develop a variety of electric utility alternatives for construction specifically in those areas where distribution systems are in place.
 - b. During FY 1989-90 the Agency, as part of its analysis of vacant or redevelopable commercial and industrial land, will focus on that most developable because utilities are in place.
 - 2. Encourage development within underground utility district.
 - a. During FY 1988-89, the City approved a major utility undergrounding district which will involve electric utility expenditures totaling over \$480,000.
 - b. In subsequent years, similar undergrounding projects will likely be limited due to financial constraints.
- D. Emphasis between competing commercial and industrial projects will be given to those that enhance the City's revenue base.
 - 1. Broaden the City's economic base to include a greater emphasis on tourism.
 - a. During FY 1988-89, the City experienced the highest rate of retail sales growth and the second highest lodging sales growth among all cities in the County largely driven by increased tourism.
 - b. During FY 1989-90, the Agency proposes to continue and expand its \$75,000 promotion program to enhance the tourism component of the local economy.

2. Provide periodic reports to the Planning Commission and others on areas of the economy prone to growth or sustaining expansion.

a. Agency staff, during FY 1989-90 will expand on the General Plan Background Report to provide recommendations relative to permitted uses by zone, consistent with this objective. Agency staff will also undertake an update of its 1984 market analysis.

b. During FY 1989-90, Agency/City staff will develop an informational package including market segments prone to successful expansion.

THE AGENCY SHALL ATTEMPT TO FURTHER THE CITY'S HOUSING OBJECTIVES, ESPECIALLY AS THEY MAY BE APPROPRIATE TO THE PROJECT AREA. THE AGENCY WILL WORK TOWARDS THE FOLLOWING:

A. The provision of adequate housing for all persons regardless of income, age, race or ethnic background.

1. Assist affordable senior housing.

a. During FY 1989-90, the Agency will fund off-site improvements and provide \$800,000 construction financing for Fitch Mountain Terrace Phase II.

b. The Agency will continue to provide staff support for Fitch Mountain Terrace, Inc., our non-profit senior housing provider.

2. Maintain existing affordable housing.

a. During FY 1988-89, the Agency undertook a market analysis for a comprehensive neighborhood improvement and housing rehabilitation program.

b. During FY 1989-90, the Agency/City in cooperation with the Sonoma County Housing Authority, will undertake the second phase of its multi-year housing rehabilitation program utilizing \$135,000 of Community Development Block Grant funds. The Agency will partially fund the Senior Center Coordinator to assist the County in administering this program and will coordinate the Agency's Neighborhood Improvement Program when an applicant fails to qualify or does not choose to participate in the rehabilitation program.

c. During FY 1989-90, the Agency will initiate an multi-year Neighborhood Improvement Program including:

- Agency supplied debris boxes for self help yard clean-up.
- Paint vouchers for self help exterior residential painting.
- Agency funded CRP teams who will trim trees, shrubbery and clean-up yards for the elderly and handicapped.
- Agency undertaken minor exterior home repairs for the elderly and handicapped.
- Agency funded sidewalk repairs for low and moderate income households.

3. The priority focus of Agency housing assistance will be to those providing affordable housing.

a. During FY 1989-90, the Agency will encourage tax credit applications for those providing affordable rental housing.

b. The Agency will further consider incentives for multi-agency projects to provide affordable housing, including that outside of the project area, for farmworkers.

B. The provision of housing selection by location, type, price and tenure.

A continuing policy.

C. Open and free choice of housing for all.

A continuing policy.

D. Develop guidelines to help ensure orderly residential development in the City.

1. Sponsor mortgage revenue bond financing for the first time homebuyer.

a. The Agency continues to participate in the Sonoma County Home Finance Authority Mortgage Revenue Bond Program. During FY 1989-90 this will be limited to qualifying resales by qualified participants in homes 5 years or less since its purchase.

b. During FY 1989-90, the Agency will explore alternative methods to facilitate first time homebuyer housing.

2. Assist the Planning Commission in the identification of housing needs for the community.

a. During FY 1989-90, the Agency/City staff will initiate a limited analysis of the scope and nature of a required update to the Housing Element of the City General Plan.

b. During FY 1989-90, the Agency staff will monitor proposed legislature changes linking utilization of Agency 20% increments of low and moderate income set-aside and compliance with the Housing Element of the General Plan.

E. Maintain high standards of quality for all residential development so as to enhance the family-oriented life style of the community.

A continuing policy.

F. Development of new housing only when it is in harmony with the natural environment.

A continuing policy.

G. Maintain the existing housing stock and preserve existing neighborhoods for family living.

1. Encourage the preservation of older historical residential structures.

a. The City, in the past, has committed the bulk of its Community Development Block Grant funds to the improvements of existing housing stock through rehabilitation loans and grants. To date 72 homes, generally older victorian, have been rehabilitated.

b. During FY 1989-90, the Agency will undertake, as one of its priority projects, a housing rehabilitation program and comprehensive Neighborhood Improvement Program, as well as on going efforts to repair streets where the majority of residents of that block reflect low and moderate income households.

2. Maintain the quality of existing neighborhoods through targeting maintenance and repairs of public funds.

a. The Agency, in prior years, utilizing its low and moderate income housing fund, installed drainage facilities, and improved streets in existing neighborhoods wherein the imposition of an assessment district would have had a detrimental effect on rental or resale pricing as it relates to low and moderate income families.

b. During FY 1988-89, the following street projects were assisted by the Agency:

Grant - University to College	\$ 3,788
Haydon - Fitch to East	9,000
Lincoln - Johnson to Fitch	13,987
Hudson Street (Healdsburg Lumber)	1,736
Plaza Court	5,754
University - Powell to Sanns	45,215
Tucker - Fitch to First	49,193
University - Mason to Matheson	132,000
Ward Street	30,000
Piper - Prince to Fitch	4,000
Matheson - Center to Second	1,477
Piper - University to First	10,000
College Slurry	1,181

c. During FY 1989-90, the following street and drainage projects will be assisted by the Agency:

Piper - Prince to Fitch	32,575
Alley 1, 2, & 4	9,000
Sun Court	1,100
University - Lincoln to Sherman	27,000
First - Mason to Matheson	5,800
Prince - Lincoln to Grant	2,600
Prince - Grant to Piper	12,100
Powell - Center to Prince	22,000
Johnson - Powell to Sherman	9,800
Brown - Piper to Sherman	40,200
Sherman - Brown to University	1,800
Lincoln - College to University	3,600
Fitch - Piper to North	8,450
First - North to Matheson	15,000
Tivio Drainage Project	35,000

H. Preserve the amenities and identities of the residential neighborhoods in the City since the developable land of the City is very limited and the character of its neighborhoods is established with a variety of housing types.

A continuing policy.

I. Support methods to maintain and expand housing opportunities for the elderly, who need less costly housing.

1. Support local senior housing project.

a. The Agency, in past years, provided both financial and staff support for the senior housing project and successfully sought State rental assistance program for this project.

b. During FY 1989-90, the Agency will continue to provide at no cost similar staff support.

2. Preserve existing residences occupied by seniors.

a. The FY 1989-90 neighborhood improvement will focus on low and moderate income seniors in support of this objective.

b. During FY 1989-90, the Senior Center Coordinator will provide counseling to seniors wishing to participate in various agency projects and programs.

3. Expand the available units of affordable housing for seniors.

a. During FY 1988-89, the Agency funded site development costs for Phase II of Fitch Mountain Terrace.

b. During FY 1989-90, the Agency will acquire the land and install off-site drainage for Fitch Mountain Terrace Phase II along with construction financing.

J. Allocation of no less than twenty percent (20%) of the tax-increment revenues generated from the implementation of the Sotoyome Project Area to the support of low and moderate income housing and residential neighborhoods within the Project Area.

1. Complete the Fitch Mountain Terrace Senior Housing Project.

a. Phase I has been completed and Phase II will be under construction this year.

2. Undertake residential, street and drainage projects that will help preserve existing housing stock available to low and moderate income families and seniors.

3. Commit at least 20% of Agency time and resources to programs and projects to aid low and moderate income families and neighborhoods.

K. Full utilization, as possible, depending on legal and financial conditions of the Redevelopment Construction Loan Act to assist in the construction and rehabilitation of affordable rental and owner occupied housing.

SUB-AREA BOUNDARIES

Northern Sub-area - This area is bounded by the city limits on the east and south, on the east by Rosewood Drive, Spruce Way, the rear property line of the building on Hardsburg Avenue (between Turner Avenue and Alexander Way) and the rear property line of the high school and on the south by Powell Avenue (from the rear edge of the high school property to the eastern corner and the city limits).

June 30, 1989

Central District Sub-area - This area is bounded by the city limits on the west, Powell Avenue on the east, Center Street, Grant Street, Johnson Street, Poplar Street, Oak Street, Madison Street and Park Street on the north and Mill Street on the south.

CERTIFICATE RELATIVE TO TAX INCREMENT

Old Hardsburg Sub-area - This area is bounded on the west by the rear edge of the Central District Sub-area, on the north by the rear property line of the high school.

Twenty percent (20%) of tax increments received during Fiscal Year 1988-89 were deposited in the Agency's Low and Moderate Income Housing Fund and those expenditures made were consistent with the requirements of the Health and Safety Code. Non-expendable increments were in the Low and Moderate Income Housing Fund and are restricted to use under the statutorily allowed purposes.

East Park Meadows Sub-area - This area is bounded by University Street on the west, the city limits on the north and south, Powell Avenue, the rear property line of the building on Spruce Way, Turner Lane, and the rear and north property lines of Park Meadows on the east.

Kurt Hahn
Agency Fiscal Officer

Western Sub-area - This area is bounded by Mill Street on the north, the railroad tracks on the east, and the city limits on the southwest, including the agricultural lands west of the Highway at Fox Creek.

Airport Sub-area - This area parcel is physically separated from the remainder of the community, being a small outgrowth of the City, on Lydon Springs Road. This area is bounded by Lydon Springs Road on the north, the back of Norton on the northeast, the back of Nelson on the southeast, south and southwest, the back of Lydon on the west, and the back of Anderson on the northwest.

SUB-AREA BOUNDRIES

Northern Sub-area - This area is bounded by the city limits on the west and north, on the east by Rosewood Drive, Spruce Way, the rear property lines of lots fronting on Healdsburg Avenue (between Terrace Avenue and Alexandria Way) and the west property line of the high school, and on the south by Powell Avenue (from the west edge of the high school property to the railroad tracks and the city limits).

Central District Sub-area - This area is bounded by the city limits on the west, Powell Avenue on the north, Center Street, Grant Street, Johnson Street, Piper Street, East Street, Matheson Street and Fitch Street on the east and Mill Street on the south.

Old Healdsburg Sub-area - This area is bounded on the west by the east edge of the Central District Sub-area, on the north by the south property line of the high school, University Street, Sanns Lane, Harold Lane to Badger Street, the rear property lines of lots facing Harold between Badger and Powell Avenue, University Street to Sherman Street, the rear property lines of lots facing University between Sherman and Reed Court, the city limit line down to the river, and the properties south of Matheson between the city limits and the rear property lines of lots facing Orchard Street and on the south by the river and railroad tracks.

East Fitch Mountain Sub-area - This area is bounded by University Street on the west, the city limits on the north and east, Powell Avenue, the rear property line of lots facing Sunnyside Drive, Sanns Lane, and the east and north property lines of Fitch Mountain School on the south.

Southern Sub-area - This area is bounded by Mill Street on the north, the railroad tracks on the east, and the city limits on the southwest, excluding the agricultural lands west of the freeway at Foss Creek.

Airport Sub-area - This 45 acre parcel is physically separated from the remainder of the community, being located northwest of the City, on Lytton Springs Road. This area is bounded by Lytton Springs Road on the north, the lands of Norton on the northeast, the lands of Sahud on the southeast, south and southwest, the lands of Lencioni on the west, and the land of Anderson on the northwest.

*Printed & Bound
San Jose, California
December 18, 1980*

William A. Robotham, CPA
Cal B. Kimes, CPA
Edward J. Pisenti, CPA
Donald C. Dunbar, CPA
Edward J. Gibson, CPA
Dimitri A. Viripaef, CPA
David C. Faris, CPA
Mark C. Parnell, CPA
David W. Wheatman, CPA
Kathleen L. Edwards, CPA

P & B
PISENTI BRINKER

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

3550 Round Barn Blvd., Suite 100, Santa Rosa, CA 95403
(707) 542-3343 FAX (707) 527-5608

Associates in principal cities of the United States

Donald J. Anderson
Firm Administrator
James W. Luckhardt
Penelope S. Forch, CPA
George E. Resing, CPA
n S. Rothenberg, CPA, APFS
William W. Lippert, CPA
Mary H. Hermans, CPA
Paula L. Thomas, CPA
Marla A. Gullickson, CPA
Paul A. Asmuth, CPA
Dorsey N. Goolsby, MBA
Jean L. Turner, CPA
Timothy R. Moratto, CPA
Rex M. Vincent, CPA
Kassie Kolarik
Laura B. Silveira, CPA
Cynthia Varni, CPA
Kenneth R. Pennington, CPA
Steven A. Roval
Gerald D. Phoenix, CDP
Jillian M. Helmer, CPA
Kathleen A. Curran, CPA
Jody E. Harper, CPA
Carl Van Fleckenstine, CPA
Deborah B. Kelley
Thomas K. Rackerby, CPA
Eileen E. Davis, CPA
Cynthia Vandergoot
Sandra L. Scott
Diane L. Fridav

To the Sonoma County Grand Jury
Santa Rosa, California

We have compiled the accompanying Statements of Revenues and Expenditures for the Healdsburg Community Redevelopment Agency, the Petaluma Community Development Commission and the Redevelopment Agency of the City of Santa Rosa for the years ended June 30, 1981 through 1989.

Our compilation was limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying Statements of Revenues and Expenditures and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying statements were prepared to present the revenues and expenditures of the Healdsburg Community Redevelopment Agency, the Petaluma Community Development Commission and the Redevelopment Agency of the City of Santa Rosa and are not intended to be a complete presentation of these organization's financial statements.

This report is intended solely for the information and use of the Sonoma County Grand Jury and should not be used for any other purpose.

Pisenti & Brinker

Santa Rosa, California
December 18, 1990

Accounting
Auditing
Computer Consulting
Employee Benefit Consulting
Estates and Trusts
Litigation Support
Management Consulting
Personal Financial Planning
Tax Planning and Returns

EXHIBIT G

Healdsburg Community Redevelopment Agency
 Statements of Revenues & Expenditures
 For the years ended 6/30/81 through 6/30/89

	6/30/81	6/30/82	6/30/83	6/30/84	6/30/85	6/30/86	6/30/87	6/30/88	6/30/89
Revenues:									
Tax Increment	-	-	474,424	636,813	864,252	1,074,559	1,471,749	1,399,584	1,579,353
Interest Income	-	-	12,669	66,814	89,255	223,197	218,604	188,847	224,239
Other	-	-	35,000	114,720	113,160	3,000	1,125	23,565	80,122
Proceeds from Long Term Debt	-	-	1,350,000	1,130,050	-	2,715,946	-	-	-
Total Revenues	-	-	1,872,093	1,948,397	1,066,667	4,016,702	1,691,478	1,611,996	1,883,714
Expenditures									
Administrative	53,488	23,681	61,016	93,219	99,889	130,034	161,204	123,432	77,586
Planning, Survey & Design	-	97,561	222,325	546,822	216,297	99,760	25,819	-	-
Capital Outlay	-	-	1,334,266	160,709	-	-	-	-	-
Other	-	-	92,642	920,000	-	-	-	-	-
Debt Service: Principal	-	-	-	94,720	470,000	25,000	540,500	585,500	630,500
Debt Service: Interest	-	15,832	-	-	237,559	393,318	504,957	468,357	459,169
Real Estate Purchases	-	-	-	-	676,980	710,117	207,323	6,741	3,087
Project Improvements	-	-	-	-	291,988	340,169	1,552,842	232,000	276,992
Community Development Programs	-	-	-	-	-	-	-	143,941	220,370
Capital Project Grants	-	-	-	-	-	-	-	87,552	18,014
Total Expenditures	53,488	137,074	1,710,249	1,815,470	1,992,713	1,698,398	2,992,645	1,647,523	1,685,718
Excess (Deficit) of Revenues over Expenditures	(53,488)	(137,074)	161,844	132,927	(926,046)	2,318,304	(1,301,167)	(35,527)	197,996

Source: Annual Audited Financial Statements

See Accountants' Compilation Report

Petaluma Community Development Commission
Statements of Revenues & Expenditures
For the years ended 6/30/81 through 6/30/89

	6/30/81	6/30/82	6/30/83	6/30/84	6/30/85	6/30/86	6/30/87	6/30/88	6/30/89
Revenues:									
Tax Increment	86,042	158,446	135,760	166,544	138,558	222,507	293,219	344,121	346,304
Property Tax Relief Subventions	27,291	28,204	48,018	884	12,963	54,578	-	-	-
Interest Income	53,036	68,111	65,082	46,912	80,518	64,487	16,849	41,989	98,676
Other	2,875	3,000	3,000	3,000	3,046	8,762	20,503	1,148	35,568
Proceeds from Bond	-	-	-	-	1,042,750	-	-	-	4,195,000
City Loan	-	-	-	-	-	205,136	-	25,000	-
Sale of Land	-	-	-	-	-	-	-	-	566,641
Total Revenues	169,244	257,761	251,860	217,340	1,277,835	555,470	330,571	412,258	5,242,389
Expenditures									
General Government	16,504	18,295	26,027	36,736	111,382	145,153	73,896	163,695	475,956
Debt Service: Principal	11,228	10,040	8,792	7,481	6,084	107,175	123,260	118,307	331,876
Debt Service: Interest	-	-	-	-	28,916	33,420	46,335	53,254	24,469
Capital Outlay	-	-	-	-	53,996	117,480	-	-	79,121
Transfers to City of Petaluma	-	-	-	-	1,625,000	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	228,344	-
Purchase of Land	-	-	-	-	-	-	-	-	3,061,149
Total Expenditures	27,732	28,335	34,819	44,217	1,825,378	403,228	243,491	563,600	3,972,571
Excess (Deficit) of Revenues over Expenditures	141,512	229,426	217,041	173,123	(547,543)	152,242	87,080	(151,342)	1,269,818

Source: Annual Audited Financial Statements

See Accountants' Compilation Report

Redevelopment Agency of the City of Santa Rosa
Statements of Revenues & Expenditures
For the years ended 6/30/81 through 6/30/89

	6/30/81	6/30/82	6/30/83	6/30/84	6/30/85	6/30/86	6/30/87	6/30/88	6/30/89
Revenues:									
Tax Increment	542,526	925,988	1,430,687	1,519,236	1,444,339	1,473,405	1,555,063	1,481,935	1,507,459
Interest Income	207,489	419,439	308,337	308,173	363,315	345,051	211,912	204,478	279,748
Redeveloper Incentives	-	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Other	29,781	798,770	15,841	99,927	8,333	18,407	17,515	39,356	18,962
Sale of Property	-	-	-	-	-	-	-	129,112	-
Loan Proceeds from									
City of Santa Rosa	1,042,508	493,034	-	-	-	2,000,000	-	-	-
Contributions	247,976	237,260	-	-	-	-	-	-	-
Litigation Settlement	-	175,000	-	-	-	-	-	-	-
Proceeds - Loan w/Hahn	1,000,000	-	-	-	-	-	-	-	-
Proceeds - Tax Allocation Notes	1,506,667	-	-	-	-	-	-	-	-
Total Revenues	4,576,947	3,049,491	2,154,865	2,327,336	2,215,987	4,236,863	2,184,490	2,254,881	2,206,169
Expenditures									
General Government	2,402,417	2,139,253	210,675	873,456	88,836	1,190,085	797,048	388,175	516,970
Debt Service - Principal	95,000	893,600	410,109	420,879	751,493	2,888,978	1,786,343	735,961	360,963
Debt Service - Interest	590,376	737,190	761,616	605,979	696,132	621,302	713,757	557,459	493,432
Capital Outlay	-	-	-	-	208,081	72,835	156,363	-	-
Total Expenditures	3,087,793	3,770,043	1,382,400	1,900,314	1,744,542	4,773,200	3,453,511	1,681,595	1,371,365
Excess (Deficit) of Revenues over Expenditures	1,489,154	(720,552)	772,465	427,022	471,445	(536,337)	(1,269,021)	573,286	834,804

Source: Annual Audited Financial Statements

See Accountants' Compilation Report



C101744488

